Online tananyag

Gazdaságtudomány

Sorozatszerkesztő: Rajcsányi-Molnár Mónika

13 *Communication of change management*

DUNAÚJVÁROSI EGYETEM

UNIVERSITY OF DUNAÚJVÁROS

Table of Content

CHAPTER 1

1.1 What is Change?

Change refers to the alteration of existing conditions. It is a process whereby the substance, nature, direction, or any other feature of a thing, person or history takes a new direction. The most famous statement about change comes from the ancient Greek philosopher Heraclitus:

"No man ever steps in the same river twice, for it's not the same river and he's not the same man."

This quote means that the river I stepped into yesterday is no longer the same river: the passage of time has caused that its substance is different, the water of yesterday is gone, its temperature might have changed, etc. Furthermore, I am not quite the same person as I was yesterday, either: I have grown a day older, and may have experienced things that make me different, even if just ever so slightly, than I was yesterday. I may be in a different mood, and may have new knowledges and experiences. Heraclitus' quote also refers to the fact that for the river to stay the same, it must flow continuously; therefore, existence is predicated upon constant change. Indeed, Heraclitus famously said, *"There is nothing permanent except change."*

Heraclitus' quote is about the constancy and omnipresence of change. Even those who claim to be highly conservative and resist change have to accommodate change to some degree. Change is everywhere: in human personal development, in the evolution of species, the passage of historical time, changes in society and culture, and technological change. We will briefly review some of these changes here.

Other insights about change from historical personages [1]:

1. "The measure of intelligence is the ability to change" – *Albert Einstein*

2. "The greatest discovery of all time is that a person can change his future by merely changing his attitude" – *Oprah Winfrey*

3. "Change is the law of life, and those who look only to the past and present are certain to miss the future" – *John F. Kennedy*

4. "Everyone thinks of changing the world, but no one thinks of changing himself." – *Leo Tolstoy*

[1] Source: https://blog.hubspot.com/sales/quotes-about-change

5. "Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world." – *Harriet Tubman*

6. "To improve is to change; to be perfect is to change often." – *Winston Churchill*

7. "I can't change the direction of the wind, but I can adjust my sails to always reach my destination." – *Jimmy Dean*

8. "If you don't like something, change it. If you can't change it, change your attitude." – *Maya Angelou*

9. "Education is the most powerful weapon which you can use to change the world." – *Nelson Mandela*

10. "The secret of change is to focus all of your energy not on fighting the old, but on building the new" – *Socrates*

1.2. Personal, Social and Technological Change

1.2.1 Personal change

Personal development refers to of activities that develop a person's capabilities, skills and potential. Personal development helps build human capital, facilitate employability, and enhance quality of life. It helps us realize dreams and aspirations. Personal development may take place over the course of an individual's entire lifespan and is not limited to one stage of a person's life. It happens across childhood, through education, personal experiences, and the workplace. It can include official and informal actions for developing others in roles such as teacher, guide, counselor, manager, coach, or mentor. It is not restricted to self-help, although self-help and therapy might enhance personal development. When personal development takes place in the context of institutions, it refers to the methods, programs, tools, techniques, and assessment that support positive adult development at the individual level in organizations.

Among other things, personal development may include the following activities:

– Improving self-awareness and self-knowledge

– Improving and learning skill

– Building and shaping identity, self-esteem

– Improving strengths and developing talents

– Pursuing a career

– Identifying and improving potential

– Enhancing employability and one's human potential

– Enhancing lifestyle and quality of life

– Improving health and mental health

– Improving status and wealth

– Fulfilling aspirations

– Defining personal development plans, and executing them

– Improving social relations and emotional intelligence

– Developing and recognize spiritual identity

1.2.2. Social Change

Social change may refer to any alteration in the constitution or workings of society. Social change may refer to change in social institutions, social behaviors, and relations. We associate social change with progress or revolution. Even the most conservative societies change. Paradigmatic change refers to change in the socio-economic structure or change in our basic beliefs and presumptions. The transition from feudalism to capitalism through the Industrial revolution was a paradigmatic change, for example.

Many theories attempt to explain social change. One view suggests that a theory of change should include elements such as structural aspects of change (like population shifts), processes and mechanisms of social change, and directions of change. The following are some major theories of social change

Hegelian: Hegel's dialectic model of change is based on the interaction of opposing forces. Change starts from a point of momentary stasis, which he called Thesis. This is countered by an oppositional force called Antithesis, a confrontation that first yields conflict. Then, depending on the interaction of these two, a new state emerges, which is called Synthesis.

Marxist: Karl Marx saw the development of history as a fundamental struggle between social classes. He argued that history changed as a result of the tension between groups of people who own the means of production (capitalists), and those who work them (workers). According to this theory, history proceeds as a conflict over the means of production between classes.

Thoman Kuhn: Kuhn introduced the notion of paradigm shift. A paradigm shift is a major change of thinking, a total shift of perception as a result of new knowledge. A paradigm shift occurs when one paradigm theory is replaced by another. Such a paradigm shift was for example the Copernican Revolution of the 16th century, which claimed that the solar system was heliocentric. This was a completely novel idea, as people used to think that the Earth was in the center of the universe. Another paradigm shift was Darwin's evolutionary theory. Before Darwin, people believed in what religions told them about the origins of the earth and its plants, animals and humans. According to the Christian view for example, God created the earth and all its populations over six days. Creationism is still believed by some people. Darwin however proposed that humans evolved through time from lower-level species and organisms. This change was fueled by a process called natural selection. These paradigm shifts were major revolutions in science, and met with considerable resistance from religious authorities. Western societies are particularly driven by a belief in abrupt, sudden, major changes such as revolutions.

Daoist: The Chinese philosophical work Dao De Jing uses the metaphor of water as the ideal agent of change. Although water is soft and yielding, it will eventually wear away harder substances, even stone. According to the Daoist model, change is smooth, harmonious, and less perceptible, although insistent. It is interesting to note the difference between western models of abrupt, violent, disruptive change versus eastern models that emphasize gradation and little disruption.

1.2.3. TECHNOLOGICAL CHANGE

Technological change means alteration in the technologies we use. We distinguish between three main alterations that fueled historical change of technology: invention, **innovation, and diffusion.**

Invention takes place when a new form of technology is created. It also refers to breakthrough technologies. Technological invention has been underway for millions of years, since prehistoric humans first developed rudimentary tools out of sticks and pieces of stone. These tools, however, were breakthrough technology, as they allowed for more efficient ways to hunt and gather.

Diffusion refers to the spread of technologies across cultures, national borders, or geographical areas. Diffusion may take place through the flow of people, who carry new technologies with the; or it may happen through the flow of other technologies.

According to Everett M. Rogers, the diffusion of innovations has four main elements [1]:

1. An innovative technology

2. Communicated through certain channels

3. To members of a social system

4. Who adopt it over a period of time.

According to Rogers, innovative technologies have five main attributes that influence acceptance, which he called ACCTO:

– Advantage: This may be economic or non-economic, and it refers to the superiority of an innovation over any other existing technologies, which makes it attractive.

– Compatibility: This refers to the innovation's ability to fit with existing technologies, habits, values, traditions, etc. Misfit innovations have a more difficult time being adopted.

– Complexity: This refers to how difficult a new technology is to understand and use. Simpler and user-friendly technologies are adopted more easily.

– Triability: This refers to the option to try the product out. Testing builds greater confidence towards an innovation.

– Observability: This refers to how visible an innovation is to others.

Through invention, innovation and diffusion, we have standardized technologies across the globe.

[1] Dearing, James W.– Jeffrey, G. Cox. (2018): „Diffusion of innovations theory, principles, and practice." *Health Affairs.* 37., (2.), Pp. 183–190.

This process of technological change is greatly intertwined with the process of globalization, which consists of the following flows:

– Flow of knowledge

– Flow of people

– Flow of technologies

– Flow of capital

1.3. Ten Aspects of Organizational Change

[1]   Source: www.pros-ci.com

Change is a constant fact of life. When your organization undertakes projects or initiatives to improve performance, seize opportunities or address key issues, they often require changes to processes, job roles, organizational structures, and types and uses of technology.

However, when organizations change, it is in fact people who change. It is actually the employees of your organization who have to ultimately change how they do their jobs. If these individuals are unsuccessful in their personal transitions, or if they don't learn and embrace a new way of working, the initiative will fail. On the other hand, if employees engage with and adopt changes required by the initiative, it will deliver the expected results.

In organizations, change may involve the following ten aspects of day-to-day activities [1]:

1. Locations: Change of locations includes movement from one place to another. It may be relatively minor, such as the movement of an employee's desk or office elsewhere. However, it can be quite major, too, such as the movement of an entire department, or the movement of a whole building, site or headquarters to someplace else. Depending on the extent and distance of movement, it can be disruptive for only a few hours, or entire weeks or even months. This kind of change may meet with both positive and negative attitudes from employees. People might feel nostalgic about their old place as they grew attached to it, or they may look forward to improved work conditions presented by the new place.

2. Processes: Change of processes means the introduction of new elements, and/or the elimination of old elements in the way things get done. It is disruptive in a sense that old and familiar routines are broken, and employees are often disgruntled about having to learn new procedures. At the same time, change of processes usually aim to create more efficient workflow, ultimately; employees must understand that, while learning new processes and getting used to them takes time and energy, in the long run the new process saves them effort.

3. Systems: Change of systems refers to broader systemic change such as the different ordering of organograms or departments in an institution. It may involve the movement of departments under a new broader unit. New hierarchies may be introduced. The challenge here is to learn the workings and interconnections of the broader institution.

4. Tools: The change of tools is a very common kind of change in the workplace. It comes from the fact that technology is improving rapidly, and new methods are developed through the introduction of new tools, which are usually labor-saving devices that make work more efficient. From a broader historical perspective, change of tools in industry sometimes referred to as revolutionary. Consider the eruption of new technologies: the agricultural revolution 11,000 years ago, which was based on new tools, and allowed populations to settle and grow. The Industrial Revolution introduced new machines and technologies fueled by non-human power. The latest technological revolution brought in the use of computers and Internet technologies.

5. Job roles: Change in job roles may come with a new position. New positions may come with new responsibilities, new tasks, a new environment, and new people with whom one works. These changes mean the disruption of routinized work, and the challenge is to learn new tasks and create new habits.

6. Critical behaviors: This kind of change may include a change of behavioral patterns with a person in a critical position. Such changes affect several people. Behavioral changes may be a result of a personal shift, or training directed at behavior with people.

7. Mindsets, attitudes, beliefs: This kind of change may affect the overall vision, direction and mission of the organization. Mindsets, attitudes and beliefs have to do with core value systems, and their change will reflect in the overall direction of the organization. For example, if a news outlet, a radio or TV channel or newspaper changes its ideological leaning from conservative to progressive or the other way round, employees have to deal with that change. People often work at a particular workplace because they agree with its value system or ideological positions; if that changes substantially, they will no longer feel at home in the organization.

8. Reporting structure: This may involve new hierarchies, and an employee may have to report to a different person. In this case, change may include change of expectations in the manner of reporting. A new boss may require different formats, style, length, focus, and language in reports.

9. Performance reviews: Change in performance reviews may most affect the employee when the criteria of assessment are changed. In this case, new criteria have to be communicated very precisely so that employees know about new expectations.

10. Compensation: Change in compensation refers to change in one's salary. More often than not, this is a positive change and salaries tend to rise. Sometimes, however, employees have to take a pay cut. Negative change in compensation may create greater crises as discontent employees may seek other opportunities.

CHAPTER 2

2.1. Organizational Change and its Causes [1]

An organizational change is any transformation that occurs in the essential characteristics of the organization. Such organizational characteristics may include the strategy of the organization, the organizational structure, the technology or methods used, the people working in the organization or the customers and partners of the organization, and the organizational culture. [2] The change of any of these means a serious transformation in itself, but the change of one basic characteristic usually entails the transformation of other organizational characteristics as well.

Change management can be interpreted as both a management activity (in this sense, decisions and actions for organizational change), and a set of knowledges (in this sense, all the models, methods, tools, techniques, and rules that can be used to successfully implement organizational change). [3]

2.1.1. The Causes of Organizational Change

Organizational change can be triggered by both external and internal reasons. The external cause may come from the macro environment of the organization, i.e., the political, economic, socio-cultural, or technological environment. As far as the political conditions are concerned, for example, the legislation on sports organizations and sports activities may change, national programs (e.g. Bozsik program, stadium construction) may start, and government priorities for individual sports may change. The economic crisis may reduce companies' willingness to sponsor teams, and changes in tax incentives may encourage it. Changes in the socio-cultural environment are usually a slow process, but, for example, recognizing the importance of a healthy lifestyle and exercise can have a positive effect on the operating conditions and opportunities of sports organizations and recreational enterprises. The popularity of each sport is constantly changing, and this affects the audience, and the preferences of those who want to play sports. All of this, of course, also affects the financial capabilities of each sport. Technological advances have created tremendous opportunities in both amateur and professional sports; suffice it to think of digital condition assessment devices, training equipment, mobile phone applications, or the falcon eye used in tennis matches.

The causes of change can also occur in the micro environment. According to Porter's five-factor model, an organization's bargaining position with suppliers (such as a sports equipment manufacturer) or customers (such as athletes) may change, a new player (association, business) or a competing product / service (sports, recreation) may appear on the market, or competitors may change. The nature of competition among competitors may change, too.

In order for an organization to determine how challenging each environmental impact is from a change management perspective, it must evaluate the impacts from two perspectives. The biggest challenges are environmental changes that have a big impact on the organization, while the organization cannot influence them.

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella–Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Kinicki, A.–Williams, B. K. (2012): *Management.* NYC: McGraw-Hill.

[3] Farkas F. (2004): *Változásmenedzsment.* Budapest: KJK Kerszöv Kiadó.

This can be reviewed using the environmental impact matrix.

Table 1. Environmental Impact Matrix.

The impact of environmental change on the organization	big	Serious challenge	Moderate challenge
	small	Moderate challenge	Little challenge
		small	big
		The organization's ability to influence	

Organizational change can also be triggered by internal reasons. This may be the case, for example, when an organization enters a new stage in the organizational life cycle. From a newly established association with a small number of members, it becomes a large organization operating in several counties and possibly at the national level. Organizational change is also induced when an organization's product / service enters a new stage in the life cycle, or when the growth rate of the product / service market changes. For example, it is conceivable that a sport will become popular relatively quickly, and its market will start to grow dynamically; however, the opposite is also possible: some sport will lose its popularity after the initial growth, and its market will no longer grow but shrink. When new owners (sponsors in the case of sports associations) or managers come to the organization, it often triggers changes in the organization, as the new players come with their own ideas, goals, and expectations. There are many organizational consequences to an organization entering a new market, or opening up to a new client base. In this case, a new product / service or the modification of existing ones, different pricing, new marketing communication, etc. may make it necessary and likely to expand the organization. In many (and lucky) cases, organizational change is triggered by some internal idea, innovation, or development proposal.

The causes of organizational change can be grouped not only by the factor that they may occur outside or inside the organization, but also by the factor that they arise as a compulsion, a problem to be solved, or some new, exploitable opportunity. The organization may perceive a problem or threat either within the organization (e.g., declining efficiency and morale, deteriorating organizational atmosphere, departing association members, wastefulness, etc.) or outside of it (e.g., declining effectiveness vis-à-vis competitors, dwindling funding sources, etc.). In these cases, a "healing" type of change is needed. The purpose of this is to stop and reverse unfavorable processes and tendencies, to avoid danger, and to maintain functionality. Possible steps are, for example, the introduction of a performance management system to remedy low performance; the introduction of an incentive system to deal with burnout; and cost reduction to reduce high cost levels. If the organization is working properly, but you see some new opportunity that you want to seize (such as a tender opportunity), then the goal of change is to thrive, to move forward. If developmental changes are missed in an organization, healing changes may be necessary in the short term. At the same time, successful healing changes can be carried forward as a development project.

2.2. The Types of Organizational Change [1]

Getting to know and recognizing the different types of organizational change is important so that we can manage the change properly, as different changes are different challenges and require different treatment.

One possible grouping is to separate routine changes from non-routine changes. Routine changes constantly accompany the day-to-day operation of the organization, they are not unexpected or extraordinary; members of the organization are accustomed to such events. Examples are the natural turnover of workers (fluctuation), the commissioning of new equipment, or minor changes in regulations. These usually do not constitute a shock, so there is no resistance to them. However, with poor management, these can also lead to problems. Scheduling holidays, for example, has little significance for management but is important for employees, so if this change is poorly implemented, it can cause conflict. Non-routine changes do not result from the day-to-day operations of the organization, but are caused by some trigger; they may even be unexpected and seem extraordinary. These changes can trigger more serious emotional reactions from members of the organization, and because they are not routine, their management also requires unique solutions. Merging with another organization, for example, can trigger a panic reaction and resistance, and conducting this type of change is a very complex professional task. [2]

Depending on the attitude to the trigger and the nature of the organizational adaptation, we can talk about reactive, preactive and proactive attitudes. Reactive change is passive and follow-up adaptation on the part of the organization. In this case, the organization reacts retrospectively to the root cause, either because it does not anticipate the challenge or because it prefers doing so rather than taking preventive action. In this case, there is less time to prepare, and the resources available for change are usually scarcer. Preactive change is also passive, but preventive in nature: the organization reacts before the cause of the change arises. In this case, the organization anticipates the challenge, and prepares the organization for the problem or opportunity. Proactive change is active and continuous. An active attitude means that the organization tries to influence the conditions of its operation by "going ahead" of things. A sports organization may respond to a change in legislation by waiting for it to take effect, and then adapting its operation to the new provisions - this is a reactive change. Another will begin to prepare the organization for compliance with the new regulations as soon as the expected content of the new regulation becomes known - this is a proactive change. And a third is lobbying for a change in legislation that is good for that type of organization, and making proposals to legislators - that's a proactive approach. According to Igor Ansoff, "There are companies that initiate change; there are those that follow companies that have already changed; and there are those that look in amazement at what is happening in their environment." [3]

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella–Málovics Éva (2015): *Menedzsment alapok*. Szeged: SZTE GTK.

[2] Encyclopaedia (2009): *Encyclopaedia of management*. Michigan: Gale Cengage Learning.

[3] Csath M. (2001): *Stratégiai változtatásmenedzsment*. Budapest: Aula Kiadó.

Based on the initiative, we can talk about top-down and bottom-up changes. For top-down initiatives, the need or opportunity for change is recognized at the upper levels of the organizational hierarchy, and the change process is initiated accordingly. The advantage of this is that you have the support and resources you need to change from the start. However, management-initiated change may not be fully realized due to employee resistance, especially if the initiative does not solve real problems, or starts from unrealistic opportunities. For bottom-up initiatives, a lower-level person or entity recognizes the need for change, and initiates it toward leadership. These usually respond to real problems, and it is also beneficial that the decision is made only after careful consideration. It can also be said that people tend to prefer to do something that they have initiated themselves. However, these transformations must first gain the support of leaders, and obtain the necessary resources. From the point of view of the development and dynamics of the organization, it is extremely important that the management leaves room for reasonable employee initiatives and innovations.

Depending on the level of innovation, change can be adaptive, which means reintroducing a previous, familiar practice; it can be innovative, which is the introduction of a new practice for the organization; or it can be radically innovative, when it can introduce a new practice not only for the organization, but for everyone. [4]

Depending on its predictability, we can speak of predictable, that is, foreseeable consequences; or change with estimable, probable and uncertain, i.e. unknown, consequences. [5]

Depending on its extent, organizational change can be incremental, which is smaller in magnitude, partial in depth, and gradual in transformation; or radical, which is large in extent, radical in depth, abrupt in transformation. [6]

The following table summarizes the differences.

[4] Kinicki, A.–Williams, B. K. (2012): *Management.* NYC: McGraw-Hill.

[5] Csath M. (2001): *Stratégiai változtatásmenedzsment.* Budapest: Aula Kiadó.

[6] Farkas F. (2004): *Változásmenedzsment.* Budapest: KJK Kerszöv Kiadó.

Table 2. Incremental vs. radical change [7]

[7] Belényesi E. (2014): *Változásmenedzsment a közigazgatásban.* Budapest: Nemzeti Közszolgálati Egyetem.

Incremental change	Factors	Radical change
One or a few important organizational factors change	The scope of change	Many or most of the important organizational factors change
Organizational features change to a small extent	The extent of change	The extensive change of organizational features
Changes that are reduced to a certain organizational unit	The focus of change	Changes that impact the whole organization
Changes that affect one or a few hierarchical levels in the organization	The level of change	Changes that affect every hierarchical level of the organization
Changes that come about gradually; less spectacular changes	The manner of change	Changes that come about as a result of great, spectacular leaps
Changes that come about more or less slowly	The speed of change	Changes occur more or less fast
The improvement of the external resilience of the organization, and/or the improvement of the internal alignment of organizational subsystems, structures and processes	The basic goal of change	The improvement of the external resilience of the organization and/or the establishment of new configurations of organizational sub-systems, structures and processes
It is directed by lower level or higher level management	The management of change	Managed by high level leadership

2.3. The Direction of Organizational Change [1]

As already mentioned, change can affect several characteristics of an organization. One such feature is strategy. Today, organizations are often forced to make a strategic change of direction, that is, to redefine their mission, vision, or competitive strategy. Since everything in the organization must serve the implementation of the strategy, changing the strategy affects many other organizational characteristics.

An *organizational strategy* consists of activities and an entrepreneurial attitude that lead employees to achieve the performance set by the organization. The strategy is both proactive and reactive. In reality, it is not possible to plan for, or reckon with natural disasters, political changes, changes in the law, new technological discoveries, and so on. The strategy needs to be flexible enough to respond to unforeseen changes. The strategy therefore appropriately combines planned activities, and provides sufficient space for reactions to current developments.

Change may also be directed at the organizational structure; for example, as the organization grows, the functional structure is transformed into a divisional one. It is also common to reduce the number of hierarchical (managerial) levels in order to increase organizational flexibility, i.e. to "flatten" the organization. The division of labor can also change: activities can be outsourced, or tasks can be regrouped within the organization. During the transformation of the division of competencies, decision-making powers are transferred within the organization; for example, from top management to lower levels (delegation, decentralization). It is also common for organizational units to merge, or for the organization itself to merge with another organization, or to split up. Organizational change can also affect processes, technology, or the methods used in the organization. Change can also affect people either within the organization (change of management, downsizing, reorganization), or outside the organization (change of suppliers, partners, customers). Changing the organizational culture is a slow process; but in the case of a new strategy or a new owner, new values, norms, and rules of conduct may become established, and the organizational climate may change.

1. d rules of conduct are rapidly established. FALSE

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella–Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

CHAPTER 3

3.1. The Individual and the Group in the Organization

[1] Klein Sándor (2007): *Vezetés- és szervezéspszichológia.* Budapest: SHL Hungary Kft.

The examination of the individual, who is the factor that directly experiences, promotes or inhibits change, takes place from a managerial and organizational point of view, and by relying on the results of sociology and psychology. It is important to mention that the aspects of the analysis are always dictated by the interests and expectations of the organization. The organization always strives to select the person with the ability that best suits its goals. Based on these considerations, an individual's personality; ability; attitude; learning habits and their extent and effectiveness; perception; judgment; and problem solving are examined. In our case, the relationship between individuals is more interesting than the individual per se. Such relationships are greatly influenced by the organization, as it puts the individuals into different units and groups. We will examine the relationship of the individual to the group, and then the relationship of the group to the organization.

A group can be defined as consisting of two or more interdependent and interacting individuals who act or collaborate together for a purpose. Characteristics of a small group include the fact that they are made up of people who know each other, have the opportunity to meet, interact, and are to some extent interdependent. If the group is created as an organizational measure, it is a formal group; if it came about by spontaneous organization, then we are talking about a non-formal, informal group. The nature of the group affects the members, and vice versa. Its most characteristic feature is cohesion, the will to coexist and to act together. [1]

We can distinguish three types of groups:

– Leadership group: made up of the leader and his / her immediate subordinates; this usually coincides with the formal organizational groups.

– Task group: consists of those who work together to perform a specific task or activity.

– Stakeholder: members work together to achieve a goal that is relevant and important to all of them.

In addition to formal groups, there are groups that do not necessarily have a formal structure. These are called informal groups.

One of the main characteristics of a formal group is that its formation is initiated by the organization. It specifies who can belong to which group. Even without self-organization, the group can provide several benefits to the individual. In addition to reducing insecurity — group members are more confident — it fulfills a basic human need: building social relationships. For both the group and the individual, shared performance means prestige that is recognized by both group members and outsiders. The performance that the group can only achieve together strengthens self-esteem. Mutual support based on personal sympathy developed in the group is one of the main resources of the group. The group reinforces our values, beliefs, attitudes and interests, ensuring their appropriateness within us. With the group, we can easily satisfy our need for power, and make it easier to achieve our goals. Belonging to a group has not only benefits but also costs. Such costs include tension (need to adapt), personal investment (we need to yield in order to be effective), rejection (group sanction), opposition (individual, different goals), and opposition (limitation of behavior).

Like the relationship between the individual and the group, the organization too enjoys different advantages and disadvantages in forming individual groups. Advantages are that knowledge and information accumulates in a given group; the members have a multilateral approach to problems; group decision facilitates easier understanding and implementation; and participation in problem solving and solution implementation is more effective than in individual situations. The disadvantages include the uncertain determination of responsibility after poorly managed decisions; group slacking; the influence of the majority opinion of the group; conformity, or just the opposite, the influence of individual dominance.

An important consequence of the development of the group structure is that communication channels are established in the group. The distribution of information is characterized by inequality; not everyone knows everything at a given time. In a formal or informal group structure, individuals close to each other communicate more often and more easily than distant or isolated members. Information is the source of real power in most groups. Social psychology examined the impact of group communication systems on group performance, and group member satisfaction. One result of research is that the more a person feels positive about their group, the more they can access information. At the same time, information also functions as a resource, as we can be in a leadership position due to possessing the right information. As a result of the findings, it can be said that the dissemination of information and the structure of the group are interdependent. [2]

[2] Forgács József é.n.: *A társas érintkezés pszichológiája.* KAIROSZ, h. n.

3.2. Structures and Forms in the Organization

[2] Dobák Miklós (2004): *Szervezeti Formák és vezetés.* Budapest: KJK–Kerszöv Jogi és Üzleti Kiadó Kft.

Starting from the level of the individual, we arrived at defining the structural characteristics of the formal organization. In the following, I will describe those characteristic features of the organization that serve as a system of criteria for the interpretation and coordination of changes. Such structural features are division of labor, the division of responsibilities, coordination tools, and configuration.

By division of labor, we mean the division of a larger task into parts, and assigning them to units. This forms the basis for the division of organizations. We can distinguish the primary division of labor, which is the division of tasks arising from the core business of the organization. The division can be functional, material or regional. In the case of division according to the functional principle, the professional activities are separated from each other, while in the division according to the material principle, the task to be performed is assigned to the units according to their products. If only one of the principles listed above is applied in an organization, we are talking about a one-dimensional organization. Organizations in which the principles just described are applied in parallel are called two-dimensional or multidimensional organizations.

The division of labor is further specialized in shape of the competence of individual units and individuals. This refers to the development of managerial competences along organizational units divided on the basis of division of labor. We can talk about single-line and multi-line organizations. We speak of a single-line organization when only one higher unit can give instructions to a unit. In the case of a multi-line organization, two or more higher bodies may give instructions. [1]

The differentiation of organizational units is a natural consequence of the division of labor and the division of responsibilities, in accordance with the changing environmental and internal conditions. Therefore, the aim should not be to eliminate differences, but to work together for organizational goals. This is called coordination. Coordination means assigning, coordinating, bringing into a proper relationship. Based on Khandwalla's classification, Miklós Dobák (2004, 50–55) distinguishes between structural (vertical coordination, setting up committees, product management), technocratic (prescribing rules, regulations, schedules, financial plans), and person-oriented (conflict resolution, training, internal values) coordination tools. The application of these tools, the division of labor, and the system of competencies together form the framework and configuration of the organization.

A configuration is a structural feature with its own meaning, which can be described by the following categories:

– the depth structure of the organization, by which we mean the number of hierarchical levels,

– the breadth of the organization means the number of subordinates directly under a leader at each level of the hierarchy,

– while the size of each organizational unit can be given by the number of employees belonging to the given units.

The structural characteristics determine the organizational form. Within organizational forms, we distinguish between functional, divisional, matrix, tensor, and dual organizations.

The most important structural features of the functional organization are:

– the division of labor takes place according to organizational functions;

– decision-making powers are centralized and predominantly deployed to senior management,

– is characterized by strong regulation;

– vertical coordination plays a key role in the operation of the organization, and communication channels are also built in this way;

– it is difficult to build horizontal coordination.

The most important structural features of the divisional organization:

– the division of labor is objective or regional,

– functional command, control and service units in the center,

– decisions are decentralized to headquarters and divisions,

– decisions are centralized within divisions,

– horizontal coordination between divisions is not typical,

– coordination is done through a financial and controlling system.

The intersection of the matrix structure can be mapped to a task or organizational unit. The features of matrix organizations are:

– functional - object matrix organization (product-oriented, customer-oriented),

– functional - regional matrix organization,

– project-oriented matrix organization,

– material - regional matrix organization.

In tensor organizations, material and regional principles are applied together in the formation of the division of labor.

The most important structural features of the tensor organization are:

– the division of labor with different principles is present at the same time;

– triple or multiple competencies can be observed in the organization's competence system;

– problems related to cooperation are intensifying;

– Strong coordination skills are required between the units of the organization.

In dual organizational structures, there is a primary structure based on the principles of division of labor, competence and coordination; on this, a secondary structure is built. Divisional organizations are not flexible enough to fend off market influences, so one must think about a type of organization that can ensure the long-term stability of the organization, while maintaining rapid adaptation to environmental changes. [2]

[2] Dobák Miklós (2004): *Szervezeti Formák és vezetés.* Budapest: KJK–Kerszöv Jogi és Üzleti Kiadó Kft.

3.3. The Internal Communication of Organizations

With regard to the internal communication of organizations, we must first clarify what we mean by communication. There are several approaches to defining the concept of communication. According to the organizational theory approach, the structure of a formal organization is a network that provides channels of information. [1]

Based on this definition, it can be said that every institution has a communication aspect. In defining the needs of the organization, the most practical forms of communication are used to satisfy the manifest functions of the organization. Every organization uses human speech, writing, printing, and the latest communication technologies. For internal communication, they mostly use letter, fax, e-mail, telephone and personal communication. Communication within the organization belongs to the field of organizational sociology due to the priority of organizational interests; however, organizational sociology cannot turn a blind eye to the importance of individual or group communication processes within the institution. After all, the development of the appropriate form of communication contributes a lot to the representation and development of corporate interests. These communication channels and forms are able to support the implementation of organizational changes.

Based on all this, a kind of communication style develops in the organization. The management strategy of the institution, and the number of charismatic individuals among the staff play a crucial role in determining the style. The significance of the latter is reflected in the change of manager – in change management -; if there are charismatic individuals among the employees, then not even the strongest-willed manager will be able to transform internal communication fast. We know of two models of internal communication in organizations. Based on the direction of the spread of communication within the organization, we can talk about vertical - most often top-down and bottom-up - information flow, as well as horizontal information flow - between people at the same level. Depending on which type of information flow is more frequent, we can distinguish between vertically and horizontally dominant organizations. [2] Classical organizations are largely characterized by top-down communication, which can include four types of information: information about the performance of work activities, organizational procedures and interpretation of activities; or information about the work of subordinates. Typical tools for this form of communication include various meetings and committees, the corporate newspaper, the speaker, the bulletin board, and computer networks.

The classical model of organizational theory recognized only vertically flowing information in the corporate structure. Fayol recognized the importance of the relationship between elements at the same levels of the organization. He called this horizontally laid communication a "plank bridge," which is referred to as "Fayol's Bridge." Upward communication is a rare phenomenon even in today's organizations; however, if observed, significant distortions in information can be experienced. (Klein 2007, 438.)

[1] Klein Sándor (2007): *Vezetés- és szervezéspszichológia.* Budapest: SHL Hungary Kft.

[2] Barát Tamás (2001): *A bizalom tolmácsa.* Budapest: Medipen.

In his book *Moments of Truth,* Jan Carlzon [3] likens the hierarchy of companies to a pyramid. Depending on the height of the pyramid, the information reaches employees through multiple referrals. To shorten the path of information, the pyramid must be flattened, and people at the front must be endowed with decision-making power. Thus, all decisions are made at the level where the most information is available. [4]

Institutions with vertical dominance are characterized by an over-hierarchical organization, multi-stage information flow, and predominantly one-way communication. Due to this, significant information distortion is to be expected. In contrast, in the "flattened pyramid" horizontal dominance communication model, communication is always two-way; the flow of information consists of fewer steps, so there is less possibility of distortion; and a lower hierarchy level can lead to direct communication between employees at different levels.

The efficient and rapid dissemination of information by the organization is key to the life of the institution. The degree of centralization is decisive for the dissemination of information. The advantages and disadvantages of the two forms of communication cannot be compared. There are situations where decentralization is dangerous; but in other situations, centralization leads to certain failures. Optionally, we can also talk about top-down and bottom-up communication. [5]

With regard to organizational communication, it is worth elaborating a bit on the concept of workplace climate. The different definitions agree on three aspects. It is the constancy of time, measurability, and that climate can influence the behavior of the members of the organization.

Workplace atmosphere and interpersonal communication are closely intertwined:

– sharing information can improve the performance of our group,

– we increase our sympathy for our employees through communication,

– an essential condition for dealing with conflict.

[3] Jan Carlzon munkájában részletesen bemutatja egy légitársaság „lelapított piramis" formára való átszervezését. A cég egy év alatt veszteségesből nyereségessé vált.

[4] Carlzon, Jan (1985): *Lapítsd le a piramist! Budapest:* Zrínyi Nyomda, h. n.

[5] Csepeli György (2003): *A szervezkedő ember.* Budapest: Osiris Kiadó.

CHAPTER 4

4.1. Organizational Change and Its Three-Step Model [1]

Before moving on to the process and steps of implementing change, let's look at a process description that can be applied to any organizational intervention:

1. Problem recognition

2. Development of objectives

3. Defining the hallmarks of success

4. Collection of information

5. Develop and decide on a solution

6. Develop a precise action plan

7. Implementation of measures

8. Check effectiveness

The starting point is always to recognize the problem. This could be an actual problem (e.g. the sports association is not as successful in competitions as it used to be), or the realization that the organization would be able to do more. As a result of the problem, it is necessary to determine the target state to be achieved (for example, better sports performance). In order to be able to evaluate progress later, we need to identify the hallmarks of success (e.g., progress in the ranking). Before developing an intervention, we need to gather information, and then make a decision on whether to start the intervention. After that, we need to develop a detailed action plan, indicating those who are responsible, fixing deadlines and identifying necessary resources. The implementation of the measure should in all cases be followed by an evaluation of its effectiveness. This model of organizational intervention also applies to organizational change.

Next, out of several process models of organizational change, we present the theory of Lewin and Kotler.

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella–Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

4.1.1. Lewin's Three-Step Model

Lewin thinks that three consecutive steps are necessary for successful change:

1. unfreezing

2. change/movement/transition

3. refreezing

Unfreezing means creating the conditions and motivation for breaking away from the old state and practice, and reducing resistance to change. People are being informed, and it becomes clear to them that maintaining the status quo is no longer possible and that change is needed. This stage includes the removal of emotional, behavioral, intellectual, and practical barriers to change. Pre-training employees, for example through further training, can make a significant contribution to its effectiveness. This phase is especially important if people are having a good time in the current situation, and deviating from it is not desirable for them. It is not possible to move on to the next stage until the people involved are ready for change.

Change is the implementation of the necessary transformations, during which the new status quo will emerge. In doing so, it may be necessary to mentor and support those involved.

Refreezing is to ensure that change remains lasting. It is realized when the new state becomes a natural part of the operation of the system, when it becomes a routine. If this does not happen, the system and people may return to the old practice after a while. At this stage, training (practice) can play a role again. [2]

It is important that the next change does not begin until the previous one is solidified. Otherwise, a "change shock" can develop, i.e., a state of permanent change that is permanently uncertain.

[2] Gomez-Meija, L. R.–Balkin, D. B. (2012): *Management.* New Jersey: Prentice Hall.

4.2. Kottler's Model I.

One of the best-known process models for change is named after Kottler.

[1] Kotter J. P. (1999): *A változások irányítása.* Budapest: Kossuth Kiadó.

According to this model, the process of change consists of eight stages:

1. Awakening a healthy sense of danger, demonstrating the urgency of change

2. Create a change management team

3. Develop a vision and strategy for change

4. Communicating the vision of change

5. Empower employees to act

6. Achieve results in the short term, achieve quick successes

7. Consolidate results and initiate further change

8. Rooting new solutions in the corporate culture [1]

1. Awakening a healthy sense of danger, demonstrating the urgency of change

Organizational complacency is the main barrier to change, with the necessary changes either not starting or blocking. If there is no "need to change" feeling, people will not feel the need for change, and will sabotage it. In some places, complacency is also characteristic of leadership.

There are several reasons for organizational complacency:

– If there is no big and spectacular crisis, there is no sense of danger.

– False illusions about the apparent wealth of resources are created, especially among managers.

– There is no real assessment of performance.

– An internal control / evaluation system based on poorly defined performance indicators may give a false picture of the organization.

– If the views of external stakeholders are ignored, if there is no feedback, the limitation to the internal world of the organization may hinder the recognition of the emergency.

– If the organizational culture is characterized by a "kill the messenger of bad news" approach, i.e., leaders do not tolerate outspoken, problem-raising, and conflicting opinions.

– Leadership propaganda that creates a false sense of security, and overly optimistic statements can create a false sense of security.

2. CREATING A CHANGE MANAGEMENT TEAM

One person is not enough to manage change; it is necessary to create a management team. The task of the change management team is to create a vision for transformation, to communicate it widely, to empower others to act independently, and to manage change.

When creating a change management team, consider the following:

– Select a person with sufficient positional power who is in a key position in the organization for change.

– Expertise in the team should be sufficient to make the right decisions.

– Get enough credible people who are respected by employees and take what they say seriously.

– Be good at direct management, and be able to drive the change process. Making changes requires not only managerial skills, but also leadership skills, so it is not enough to have only members of the team from management (senior management).

Trust should be one of the most important characteristics of a management team. There is often a lack of trust in organizations because separate organizational units treat each other with suspicion. Everyone is just watching to see if the change will be good for their unit, not the interests of the whole organization. This either makes change impossible, or pushes organizational change into a forced path. Therefore, in this case, team building training is absolutely necessary when a change management team is formed.

The other condition for the proper functioning of the change management team is the *common goal* that all members of the team strongly want. If members are committed only to themselves, their immediate colleagues, or their organizational unit, they are not driven by the desire to elevate the performance of the organization to the highest possible level. That way, there will be no committed engines for change. Behind this is often a lack of trust: they do not believe that others are capable / willing to perform seriously, so they feel that it is an unnecessary effort to strive for better organizational performance. Trust is also key in this regard.

3. DEVELOPING A VISION AND STRATEGY FOR CHANGE

It is important to define the *vision,* the future state to be achieved by the organization, and the *strategy* by which the organization will achieve the desired future state. People work more readily in order to achieve a realistic and attractive vision, rather than working for expectations without justification or explanation.

The vision for change serves three purposes:

– Makes the purpose of **change clear.** It describes the cause of the change, and derives what transformations will result from it, and what the future state of the transformations will be.

– It **awakens hope** by showing that there is a way out of a problematic situation, or that there are positive developments in taking advantage of a given opportunity.

– **Coordinates** people's activities. A clear vision allows people to act independently, but in a coordinated manner to achieve the planned vision.

Features of a good vision for change:

– **Conceivable:** it presents the future in a clear way, and each member of the organization sees its own place and role in it.

– **Desirable:** meets the long-term interests of key players. The change may harm the interests of some actors, but an organization that ignores the long-term interests of key actors (owners, managers, important members of the organization, partners, sponsors) is on the path to self-destruction. The task of the vision is to reconcile the interests of the key players.

– **Feasible:** there should be an achievable but challenging strategy. A vision that seems unachievable does not encourage action. At the same time, a fundamental change will not happen if we set only cautious goals and minimum expectations.

– **Allocate resources to goals:** The change strategy should include ideas for creating the resources needed for change.

– **Clear:** gives guidance, and it is understandable. A good vision provides guidance to employees on what is expected of them, and what they should do. Expectations that people cannot relate to in their daily activities are useless.

– **Flexible:** gives room for individual initiatives, can be changed according to the circumstances.

– **Communicable:** a good vision is easy to explain. Both unusable generalization, and anxious detail should be avoided.

4.3. Kottler's Model II.

4. Communicating the vision of change

A vision for change is worth nothing if your communication is inadequate. However, the cause of a failed communication is often not to be found in the communication act, but in the mistakes made during the preventive steps.

The vision of change needs to be sold to people both rationally and emotionally during communication. Rational reasoning is usually simpler: the unsustainability of the present state or the benefits of the future state can be substantiated by facts. Emotional persuasion is a harder task: we want to get people to give up their habits and make sacrifices for change.

It helps to communicate the vision of change effectively if:

– The message is simple, understandable, and free of jargon. The incomprehensible professional text breeds suspicion, and creates a feeling of exclusion in the workers.

– The message is supported by an analogy, a metaphor, an example.

– Multiple communication channels are used. The organization's informal communication channels are also important; messages coming through them are often more authentic in the eyes of workers.

– The message is repeated several times. Communicating the vision of change should not be an internal PR project of the marketing department, but a message that every leader will say in every possible forum and context.

– Management behavior also "communicates" the vision of change. This is seen as leading by personal example. Leadership behavior that runs counter to the goals of change completely undermines the drive for change.

– Communicating a vision for change is a two-way process; employees have the opportunity to provide feedback. On the one hand, they can express their doubts and fears, and the management can react to them. On the other hand, it also means control over whether the ideas are good.

5. EMPOWERING EMPLOYEES TO ACT

Employees need to be able to act independently to implement change. To do this, the barriers that prevent them from doing so must be removed.

The most common limitations are:

– Organizational structure: The old organizational structure does not allow people to work in new ways.

– Lack of skills and abilities: Even before the change, trainings must be organized that develop the necessary skills and abilities. New types of work often do not (only) require new skills, but new attitudes - empowerment must also extend to attitudes.

– Human resource management practices: Human resource management activities - selection of new members, performance appraisal, incentive system, promotions - do not reflect new expectations.

– Leadership style: If managers do not encourage or directly hinder their subordinates from innovating, subordinates will adapt to their manager.

6. ACHIEVE RESULTS IN THE SHORT TERM, ACHIEVE QUICK SUCCESSES

Change, as well as outstanding sports performance, requires a lot of time, work and effort. After a while, most people expect encouraging signs (with a sports comparison: promising results) that will convince them that the effort makes sense. Therefore, during the changes, the initial encouraging signs and partial results are just as important as in sports. These do not come by themselves, and their achievement cannot be left to their luck: change must be designed to achieve rapid success. Otherwise, people will begin to doubt the feasibility and meaning of change, and their enthusiasm and commitment will diminish.

7. Consolidate results and initiate further change

Resistance to change never disappears completely. Some are opposed to change on an irrational basis, others because of actual harm. If the leadership recedes too soon, the forces of tradition immediately assert themselves, and regression begins. Therefore, they cannot say too soon that the change has been successfully completed. Every effort must be made to ensure that the results are consolidated, and that regression is not possible. This requires redesigning all areas that are related to change. For example, if an organization changes strategy, all areas that contribute to the implementation of the new strategy need to be transformed.

8. Establishing new solutions in corporate culture

Behavior is not the same as belief; even if the behavior changes, so does the belief. Change is only rooted in organizational culture if people's beliefs and attitudes change during the change.

Using a biological analogy: the plant sprouts from the old, deep roots even if it has been cut from a stem; the new, weakly rooted plant, on the other hand, dies in the absence of constant watering. Accordingly, until the practice of change becomes an integral part of the culture, there is a danger of regression.

The following will help you embed new solutions in your corporate culture:

– Leaders talk a lot about new results and emphasize that they are the result of change.

– It is often said under what circumstances old beliefs were formed, and why they are no longer valid today.

– Older people who cannot change their beliefs are pushed into the background.

– When hiring new employees, they are not looking for the old value system, but for the new one.

– Promote those who profess the new values.

– In no way will senior management be replaced by those who represent the old values. [1]

[1]   Kotter J. P. (1999): *A változások irányítá- sa.* Budapest: Kossuth Kiadó.

CHAPTER 5

5.1. Individual Causes of Resistance to Change [1]

Dealing with resistance to change is one of the biggest challenges in change management. A significant proportion of people do not respond positively to change; however, successful change requires the commitment of more than half of the employees, and more than two-thirds of the management.

Resistance to change can be based on rational or emotional rejection, active or passive behavior, real or perceived threat. On a rational basis, someone rejects a change if the transformation adversely affects their interests. In the case of a sports activity, for example, if you change your training schedule, someone may get less training time or gets a training opportunity at a more unsuitable time. We talk about emotional rejection when there is no factual basis for a negative attitude, only because one insists on permanence, stability, and habit; one may reject change even if it would be beneficial. Active resistance means taking active action against the pursuit of change; passive resistance means postponing and slowing down the application of the new system. A real threat is when someone is actually adversely affected by change, and a perceived threat is when someone is unaware of the consequences of change, yet they think it is detrimental to them. Managing emotional resistance is much more difficult than rational resistance, as it cannot be countered with facts and reasoning. Passive resistance is more dangerous than active because it is less obvious. There are different ways to deal with a perceived and a real threat: in the case of a perceived threat, fear can be reduced based on a vision of change; and in the case of a real threat, resistance can be overcome by emphasizing the need for change and compensating.

In order to overcome resistance to change, leaders must therefore know the reasons for resistance.

These can be:

– Self-interest: The planned change is against the interests of the employee (for example, more work needs to be done). Dedicated employees are willing to voluntarily make a change that is against their own interests for the success of the organization - to some extent. However, it must be considered that if an organization has not been able to build the commitment of its members, it has little chance of doing so during the change. Organizational changes often bring to the fore problems and malfunctions that have already developed.

– Lack of trust: Employees do not trust managers because they have previously found that they are not honest (for example, they do not believe that the re-organization will not lead to downsizing); or do not take management's change efforts seriously (because management has repeatedly given up change); or do not believe that the planned change will solve the problems (because there have been several "reforms" that did not solve the problems but possibly generated new ones).

– Uncertainty: Workers are afraid of the unknown. This may be because they don't have enough information about the change, they don't know how it will affect them.

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella –Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Daft, R. L. (2010): *Management. Cengage Learning.* Mason, USA.

Lack of self-confidence: Stakeholders fear that they will not be able to meet the new expectations. Fear of failure is one of the strongest deterrents.

– Different perceptions: Employees do not perceive the situation in the same way as management. For example, they do not feel the need for change or do not see the consequences.

– Loss of acquired positions and connections: The disintegration of the status quo can rearrange everything. Some lose power, others gain it.

– Lack of motivation, identification with the organization, lack of commitment, burnout: If members of the organization were already unmotivated before the change, they will not feel compelled to try to transform, especially if their sacrifice is not rewarded. Uncommitted workers are not striving to meet new expectations. Employees who do not identify with the organization strive to achieve their own individual goals and will not support change unless they bring them closer to achieving their own goals. Burnout can also be a cause of resistance to change, but change can actually reduce burnout if the worker receives a new opportunity, inspiration, or challenge.

– Comfort, adherence to the norm: People tend to adhere to the familiar work environment, direct co-workers, habits, norms, relationships, and daily routine; change can move them out of this comfort zone. [2]

Alternatively, resistance to change may come from:

– the characteristics and attitudes of the employees

– the characteristics of (change) leaders, (change) leadership

– the relationship between managers and subordinates

There are people who, by their nature, do not like change; for others, they may resist in a given situation because of poor management of change, or poor relationships with leaders. It is important to know that social pressure also plays a big role in an individual's attitude to change: if the majority opposes change, the individual tends to join the camp of opponents despite their own beliefs.

5.2. Psychological Background and Emotional Processes [1]

5.2.1. The Emotional Stages of Change

Elisabeth Kübler-Ross [2] distinguished between the five psychological phases of reacting to dying. Her model is also remarkable for changes that negatively affect people.

The five psychological phases of the model can be applied to change as follows:

1. Rejection: When an employee is notified of a planned change, they simply do not believe it. "This can not be true!" – they say. They think it's definitely a mistake, or the leaders will change their minds. In this period of diversion, the person concerned is not yet ready to face the facts. This is a natural self-defense reaction.

2. Anger: This stage begins when the person concerned realizes there is no point in denying the facts. This is when their behavior usually changes: they become angry, accusing. They ask the question a hundred times: "Why is this happening to me?" It is a common reaction to blame others: the leaders who make the decision, or the colleagues who are better at making the change. Anger and frustration stem from a feeling of helplessness, and not necessarily from the faults of the accused (although this can also happen).

3. Bargaining: In the previous section, the stakeholder asked why he or she is being adversely affected by the change, and now he or she believes there is certainly a reason why he or she is the one affected. There are those who "see" what they should have done differently. That is why they make offerings: to change behavior to see if they can avoid the "punishment" that way. The previously aggressive, angry, demanding person becomes willing and cooperative. They try to find the alternative that is most acceptable to them.

4. Depression: This occurs when the person concerned is faced with the fact that change is inevitable. They usually sink into passivity, and turning into themselves. They do not carry out their daily, usual activities because their thoughts are bound by fear and sadness. Their self-esteem and activity is then at a low point.

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella –Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Kübler-Ross, E. (1969): *On Death & Dying.* Touchstone: Simon & Schuster.

5. Acceptance: This phase means the acceptance of change, the new state. The person longer looks for the cause of what happened, overcomes their fears and resentments, and focuses on how they can cope with the new situation. They are able to move on. They show up again, their activity increases. They begin to think within the framework of the new system of conditions, within which they consider their possibilities. They begin to believe that everything will be fine, their self-esteem will improve. They set new goals.

It is important for leaders to understand these mental states, and to be aware that they are natural human reactions. It is the responsibility of managers to help those affected by change to create a state of calm as soon as possible.

5.2.2. Addressing the Psychological Causes of Individual Resistance

As we have seen, the causes and manifestations of individual resistance can be extremely diverse, so their management also requires different management techniques. However, there are methods that are generally well suited for reducing resistance. The table below shows some of these, including the actions, skills, and attitudes that each method requires on the part of the leader.

Figure 1. Commonly used methods to address the psychological causes of resistance [3]

METHOD	REQUIRED FROM LEADER
involving stakeholders in change decisions about them, taking their ideas into account	trust, ability to lead with empathy
time for stakeholders to accept the change, prepare, allow initial mistakes	preparation and scheduling, trust, tolerance
accepting the emotional and psychological phases of change	emotional intelligence, empathy, active listening
moral and financial incentives for change; motivating	recognizing the importance of motivation, knowing the tools of motivation, providing necessary resources
avoid saturation	resisting frequent change, ensuring stability
convincing communication	authenticity, ability to communicate
support, safety net for the jump	preparation, presence, help, empathy

[3] Farkas F. (2004): *Változásmenedzsment.* Budapest: KJK Kerszöv Kiadó.

5.3. Organizational Reasons for Resistance to Change [1]

Resistance to change can be interpreted not only at the individual but also at the organizational level. The adaptability of organizations is called adaptation; inflexibility and resistance to change leads to organizational inertia. The adaptability of an organization depends on a number of factors. Organizational structure influences organizational resilience: organizations with multiple hierarchical levels tend to respond more slowly to changes in the environment because information, decisions, and instructions must pass through multiple levels. Horizontal organizations, on the other hand, are generally more flexible. Attitudes to change are also influenced by leadership style. With autocratic leadership, there is generally less bottom-up initiative than in organizations that prefer a leadership style that gives employees greater autonomy.

Organizational culture also has aspects that are related to adaptability.

Slevin and Covin distinguish between organic and mechanical organisms. The organic organization develops through "organic" development: it is open, flexible, less regulated, decentralized, it adapts voluntarily and well to external conditions, so it can stand its ground in a rapidly changing environment. The mechanical organization is developed "artificially;" it is characterized by a closed system, uniformity, rigid regulations, and centralization. It is forced, and has difficulty adapting to external conditions, therefore it does not show sufficient adaptability in a rapidly changing environment. [2]

Cameron and Quinn evaluate organizations along two dimensions: flexibility, dynamism — stability, control, and external orientation — internal orientation. Organizations characterized by flexibility, dynamism, and external orientation (these so-called adhocracies) are much more receptive to change than those characterized by stability, control, and internal orientation (these so-called hierarchies). [2]

Hofstede classifies cultures based on the avoidance of uncertainty, and on power distance. Cultures with a high degree of uncertainty avoidance tend to have a more negative attitude towards change than those that are less risk-averse.

The relationship to time appears in some form in several cultural models. They evaluate organizations based on their focus on the past, present, or future. Organizations that look to the past do not realize the challenges of the present, and are not preparing for the future. Traditions, while important, can hinder the development of an organization. [3]

[1] Based on Farkas Gergely–Imreh Szabolcs–Keczer Gabriella–Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Heidrich, B. (2001): *Szervezeti kultúra és interkulturális management.* Human Telex Consulting, Bp.

[3] Gomez-Meija, L. R.–Balkin, D. B. (2012): *Management.* New Jersey: Prentice Hall.

According to Kotter, organizations can be characterized not only by the complacency or desire to change discussed earlier, but also by a third type of organization: those characterized by a pseudo desire to act. The characteristics of the three types of organizations are summarized in the figure below. [4]

Figure 1. Self-satisfaction, pseudo-desire, and real desire to act in organizations [5]

	Self-satisfied complacency	**Pseudo-desire to act**	**Real desire to act**
Characteristics	More frequent than we would think; latent, imperceptible for participants	Also quite frequent. Latent, and often confused with real desire	A very rare and inestimable value in a rapidly changing world
Roots	Success; the real or imagined victories of the past	Mistakes; the short term consequences of recent issues; long term deficit	Leading: not only on part of upper leadership but all leadership that create and recreate real desire to act
What they think	"We know what we should do, and we do it"	"We are in trouble"	"We are surrounded by great opportunities and great dangers"
What they feel	They are happy with the status quo, and are afraid of the unknown	Nervous, angry, frustrated	Strong desire to act and succeed
Typical behavior	Unchanging; the organization does not perceive new opportunities and dangers; it is inward-looking, and follows past norms	There is much traffic and movement; meetings, note taking, rushing about, task forces, organization. This is all very exhausting and stressful.	Alert, quick and focused; attentive to signs from the outside, perseverant, gets rid of trivial tasks to make time for important ones.

[4] Kotter, J. P. (2009): *Tettvágy: változásmenedzsment stratégiai vezetőknek*. Budapest: HVG Kiadó.

[5] Belényesi E. (2014): *Változásmenedzsment a közigazgatásban*. Budapest: Nemzeti Közszolgálati Egyetem.

CHAPTER 6

[1] Farkas F. (2004): *Változásmenedzsment.* Budapest: KJK Kerszöv Kiadó.

6.1. The Scheduling and the Force Field of Change

6.1.1. SCHEDULING [1]

The schedule for the changes must be decided by the manager. There are three possible schedules, each with advantages and disadvantages; it depends on the situation and the nature of the change.

In the case of the so-called big bang type schedule, the old system is simultaneously and completely replaced by the new one throughout the organization, and from then on, the old system no longer survives. Examples are the introduction of a new organizational form or when a sports association decides to move from a non-profit organization to a for-profit company. The biggest disadvantage of this solution is the significant risk; if the new system fails, it affects the entire organization and it is extremely difficult to return to the old state. This is why big bang-type scheduling requires serious preparation, and we can expect the greatest resistance from stakeholders in this type.

In the so-called pilot type schedule, the new system is tested on a trial basis in a part of the organization, and if it works, it will be introduced in the whole organization. For example, trying flexible working hours in one unit. This is a more cautious solution than the big bang, but it is important to choose the pilot unit carefully so that the experience gained there is a guideline for the system as a whole. This is because if we try flexible working hours in the group of the most committed people, the positive experience (for example, that work performance will not decrease) will not necessarily apply to the less committed people. It is also important that we use the experience of the pilot to fine-tune and implement the new system - as this is the point of testing. The biggest advantage of this practice is the small risk arising from its nature as trial; the disadvantage is that the coexistence and cooperation of the two types of systems (the old one and the new one introduced in a part of the organization) can result in conflicts and mismatches. Compatibility issues occur especially when we use a new technology or computing solution as part of a coherent workflow.

The third possible schedule is parallel introduction. In this case, the old and new systems will work side by side as long as the old one can be safely left out. A typical example of this is the transition to digital data management, in which traditional paper-based data management is maintained until the digital system is already working well. The advantage of this solution is that it is completely secure, while operating the two systems in parallel is extremely resource-intensive. If you choose to run a parallel schedule, it is important to record the duration of the parallel operation in advance, otherwise the switch may take too long.

6.1.2. THE FORCE FIELD OF CHANGE

To successfully manage organizational change, it is important to understand the force field of change, that is, the factors that work against and for change.

According to Lewin, there are driving and braking forces in the body related to change. Driving forces are the problems or opportunities that motivate an organization to change. These are presented in detail in the subchapter on the causes of organizational change. In another approach, they are the forces that want to change are the current situation. Braking forces are all the organizational and individual factors that hinder change. We learned about these during the presentation of the reasons for organizational arrogance and resistance. In another approach, they are the forces that are interested in maintaining the current situation. The prerequisite for successful change is that the driving forces prevail. To do this, change managers must simultaneously focus on reducing braking forces, and increasing driving forces. [2]

Gleicher's formula is as follows: D x V x F> R, where:

D: *dissatisfaction* with the current situation

V: Attractive *vision*

F: knowing what *first steps* and actions are needed to achieve the vision

Together, these three factors provide the "energy" for change.

R: *Resistance*, the material and psychological costs of change

Accordingly, in order for the drivers of change to come to the fore, it is necessary for the individual or organization to be dissatisfied with the current state, to be aware of and find attractive the state they want to achieve with change, and to be aware of the specific steps they need to take in order to move from the current situation to the future, all of which must outweigh the financial costs and psychological burden of change. [3]

[2] Daft, R. L. (2010): *Management*. Cengage Learning, Mason, USA.

[3] Buchanan, D.–Huczynski, A. (1997): *Organizational Behaviour*. New Jersey: Prentice Hall.

6.2. Roles, Actors, Styles and Strategies in Change Management [1]

6.2.1. ROLES AND ACTORS

During changes, several actors have several tasks and functions. These are the following:

– **Initiator:** Proposes a change or initiates a change in response to a problem or opportunity. The initiator can be a sponsor (see below), or an advocate who has no power to make a decision,
but wants change.

– **Sponsor / Patron:** Decides on change, controls change, provides resources for change.

– **Agent:** Acts as a catalyst for change, and is responsible for implementing change. It can be the head of the organization, an external consultant or an employee. You may not have a formal
appointment. The identity of the agent may change during the change process, e.g. a different one in the design phase and in the implementation phase.

– **Champion:** Mobilizes for change, builds commitment, maintains enthusiasm.

– **Target:** Who change is directed at; who needs to change (based on Pataki 2004)

6.2.2. Styles, Strategies, Tactics

Change can be managed using a variety of leadership styles, strategies, and tactics. The right method always depends on the situation.

According to Dunphy and Stace, four leadership styles can be used to manage change:

– **Collaborative:** high employee participation in key decisions

– **Consultative:** limited employee participation in goal setting (only for the employee's area of responsibility)

– **Leading:** applying leadership to decisions

– **Enforcing:** enforcing change. [2]

The right leadership style depends on the extent of change planned, the time available, and the support of key stakeholders. This is shown in the figure below.

Figure 1. The matrix of changes and change management methods [2]

Change management style	The planned extent of change			
	small	**moderate**	**big**	**full**
Collaborative/consultative style	1.participatory evolution		2.charismatic transformation	
Leading/enforcing style	3.forced evolution		4.dictatorial transformation	

[2] Buchanan, D.–Huczynski, A. (1997): *Organizational Behaviour.* New Jersey: Prentice Hall.

1. Participatory evolution: applicable when only minor change is needed, no time pressure and key stakeholders support change

2. Charismatic transformation: applicable when major change is needed, time is urgent and change is supported by key stakeholders

3. Forced evolution: applicable when minor change is required, there is no time pressure, and key stakeholders do not support change

4. Dictatorial transformation: applicable when major change is needed, time is urged and key stakeholders do not support change but it is necessary for survival

Kocsis distinguishes four change management strategies:

– Change under the influence of power

– Change based on rationality

– Change based on standards

– Change by winning. [3]

The change builds on the dependence of subordinates with the influence of power. The initiators of change take advantage of their higher position, and order the changes. They build on instructions, not caring about the opinions and reactions of those involved. They also often use coercion against resisters. Change is a convincing strategy based on rationality, and it appeals to common sense; it seeks to accept the necessity and usefulness of change by presenting arguments and justifications. It tries to change people's opinions in the direction wanted. Based on the norms of change, it wants to change the way of thinking, and the values of people, so it tries to bring about a change in the organizational culture. Getting change by persuasion is done by persuading those affected to support the change through prior promises, discounts (such as better working hours), and financial and other resources (such as a targeted bonus).

[3] Kocsis J. (1994): *Változások menedzselése.* Budapest: Műszaki Könyvkiadó.

Zaltman-Duncan's change management tactics include:

– **Assistive tactics:** In doing so, the initiators and leaders of the change embrace the voluntary intention for change of the stakeholders, and help to implement it.

– **Enlightenment–Educational Tactics:** It is based on the assumption that humans are rational beings. In the context of change, this means that if they see the need for change, they will become committed to change and implement it on their own.

– **Manipulative Tactics:** In applying this tactic, leaders seek to manipulate the emotional and conscious attitudes of stakeholders by magnifying the desirability of change, while trying to push negative aspects into the background.

– **Power Tactics:** Primarily, the means of coercion to achieve the desired changes. [4]

According to Hirschorn's model, managers need to use three types of campaign techniques to manage change:

– political campaign (to form a supporting coalition)

– marketing campaign (to "sell" change)

– military campaign (to overcome resistance). [5]

[4] Belényesi E. (2014): *Változásmenedzsment a közigazgatásban.* Budapest: Nemzeti Közszolgálati Egyetem.

[5] Farkas F. (2004): *Változásmenedzsment.* Budapest: KJK Kerszöv Kiadó.

6.3. Success and Failure in Change Management [1]

The success and failure of change depends on a number of factors. The ADKAR model is used to describe human factors of success.

According to this, the human factors of success are as follows - see below for details:

– Awareness of the need for change: recognizing the need for change

– Desire to participate in change: desire to participate in change

– Knowledge of how to change: knowledge of the ways to change

– Ability to implement required skills and behaviors: having the necessary skills and behaviors

– Reinforcement to sustain the change. [2]

According to Noszkay, the failure of the changes can be traced back to three types of problems.

– **Width problem:** The width problem is due to the fact that the change does not take into account the systemic interrelationships, and although there is an improvement in the area targeted by the change, the efficiency of the organization as a whole is not improved.

– **Depth problem:** The depth problem means that the change does not penetrate to the lower layers and therefore does not bring the expected result.

– **Institutionalization problem:** Change is not built into the organization, it does not become part of daily practice. This can lead to failure even if you change the width and depth carefully. [3]

[1] Farkas Gergely–Imreh Szabolcs–Keczer Gabriella –Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Farkas F. (2004): *Változásmenedzsment.* Budapest: KJK Kerszöv Kiadó.

[3] Noszkay E. (2004): *Változás- és válságmenedzsment.* Gödöllő: Szent István Egyetem.

Overall, based on what we have learned, the most common change management mistakes are:

– The organization does not change when it needs to. Either because it does not recognize the need for change, or because it does not dare / want to cut into the change.

– Changes when it does not need to. Change is only justified if it puts the organization in a better position: it solves a problem, takes advantage of an opportunity, moves forward, develops, and becomes more efficient. Unjustified change consumes unnecessary resources, and stresses the organization. Frequent changes can also cause supersaturation, and increase resistance to justified changes.

It does not change what you need. Targeted change requires the identification of the cause of the problem, the precise definition of the possibility, and the recognition of the causal relationships. A change that interferes with a well-functioning area instead of the problem, or tries to change the cause instead of eliminating the cause, does more harm than good.

– Poorly managed change. If change managers are unfamiliar with the theory and practice of change, or do not consider and apply them in the implementation of change, they can make a number of management mistakes that can fail otherwise promising endeavors.

– Does not evaluate the outcome of the change. Change is not a goal but a tool; it is considered successful if, through change, the organization achieves the vision it has set itself.

CHAPTER 7

7.1. Process Models [1]

As has been shown above, the process of organizational change can be influenced and consciously managed. The various models, two of which have been described earlier, help to do this. Each change has phases and elements that are usually discoverable in all models. In addition, the order of the different phases can be observed. When analyzing the process of organizational change, it is examined how, and how quickly the changes take place, how planned and coordinated they are, and to what extent the various actors are involved in the process of implementation. The literature divides change management models into two parts: process models and stage models. Experience shows that although both types of models are used, stage models are more common. One reason for this may be that, due to their intermittency, these patterns provide an example that breaks down the achievement of a particular goal into smaller goals, thereby also helping to ensure the transparency of the process. Process models tend to show a sequence, but this is not exclusive; are interchangeable to some extent. Some phases of change programs can be discovered in more or less all cases; in reality, however, these phases often blur together.

7.1.1. Draft's General Model

Richard L. Daft's (1992) model examines those elements of change that are usually discovered during a change process. Once the need for change is recognized, one or more ideas are outlined. There is a choice of alternatives. The decision is followed by implementation, and then evaluation. If the evaluation shows that we have achieved our goal, the closure will follow; but if the evaluation is not positive, we will return to the step from which to start all over again. In the general model of organizational change, feedback and the resources to be provided for the process play an important role. [2]

[4] Belényesi E. (2014): *Változásmenedzsment a közigazgatásban.* Budapest: Nemzeti Közszolgálati Egyetem.

[5] Dobák M. (2006): *Szervezeti formák és vezetés.* Budapest: KJK.

7.1.1. József Kocsis' Model

József Kocsis's process model outlines an 11-element procedure, which examines the concepts of change and the relationship between the environment and the organization.

[3] Kocsis J. (1994): *Változások menedzselése.* Budapest: Műszaki Könyvkiadó.

1. The basic elements of the model: the organization as an open system and its environment; the definition of the problem area.

2. The role of change agents: external-internal, leader-manager, patron, agent, target, advocacy roles.

3. The induction of change: externally initiated and internally initiated change.

4. Determining change: levels, timing, schedule of change.

5. Situation analysis and problem identification: analysis of problems and causes.

6. Diagnosis, force field analysis: screening, analysis of driving forces and braking forces.

7. Development of change strategy: hard type variables (change management typology) and soft type variables (change management style).

8. Preparation of action plans: development of implementation alternatives, definition of success criteria.

9. Making change decisions: individual, group decision, selection of decision-making method.

10. Implementing changes: applying the three-phase model (release, change, consolidation).

11. Organizational Resistance and Conflict Management: Individual and Organizational Causes of Resistance to Change; methods of resistance treatment. [3]

In the model, the sequence of each phase can be interchanged to a limited extent, and organizational resistance and conflict management can accompany the entire process.

7.2. Stage Models [1]

[1] Belényesi E. (2014): *Változásmenedzsment a közigazgatásban.* Budapest: Nemzeti Közszolgálati Egyetem.

The stage models divide the change process into different parts. The two most commonly used models are the Lewin three-step model and the Kotter eight-step model. Other models can be found in the literature, which are outlined below.

7.2.1. Carnall's Three-Stage Model

Colin Carnall (1976) also divides his change process model into three stages, and gives managers the tools to implement them.

1. Mapping: introduction - preparation. Activities: situation assessment, feasibility studies, brainstorming, problem identification, SWOT analysis, setting up a management group.

2. Definition: focusing - acquiring skills. Activities: setting up work groups, training, developing new skills, providing support, pilot introductions, pilot products.

3. Action / Execution: Participation - Implementing and sustaining change. Activities: initiating change, selecting "champions" of change, suggestions for change, new structure and skills, team building, recognition and reward, "selling" change, communicating success, publicizing.

It can be seen that this differs from the Lewin model in that it does not place as much emphasis on consolidation as the previous one.

7.2.2. Judson's Five-Stage Model

Judson (1991) identified the stages of change in five steps:

1. Analyze and plan for change.

2. Communication about change.

3. Accept the desired change in behavior.

4. Create the initial transition.

5. Consolidation and monitoring. [2]

Also, in this model, the three stages of Lewin can be recognized: the first three correspond to the release, the fourth to the movement, and the fifth to the consolidation.

7.2.3. Beer's Six-Stage Model

Beer et al. (1988) extend their model to six stages:

1. Finding allies through joint situation analysis.

2. Outline a common vision and goal.

3. Ensuring consensus, competencies and cooperation.

4. Simultaneous implementation of change.

[2] Judson, A. S. (1991): *Changing behavior in organizations: Minimizing resistance to change.* Cambridge: Basil Blackwell.

[3] Beer, M.–Nohria, N. (2000): Cracking the Code of Change. *Harvard Business Review May-June.*

5. Institutionalization of change in all organizational subsystems.

6. Change process monitoring. [3]

We can see that some phases of the Lewin model can also be found in the Beer model. The first three phases can be seen as part of release, which focus on the search for allies, cooperating partners and coalitions, a common assessment of the situation, and a shared vision. In addition, the third step of the Beer model, the provision of organizational consensus and the competencies needed to bring about change, can be seen as part of the release phase. The phase of change in the Beer model appears in the fourth step — the simultaneous realization of change — while the moment of consolidation is actually the fifth step in the model. It is important that it is reflected in the organizational processes, structure and competencies. Beer complemented this with regular monitoring of the change process, appropriate feedback, and any active intervention that may be required.

7.2.4. The Seven-Step Model of GE

The model was used at General Electric (2002), hence the name GE. The model itself should be seen as a "checklist" that ensures that all basic steps are followed:

1. Leadership Behavior: Champions; role models; provision for the use of resources.

2. Creating common needs: ensuring that everyone understands the need for change.

3. Shaping the vision: it must be ensured that employees also see the results they want as a function of specific behaviors.

4. Leveraging commitment: understanding people with different interests; stakeholder identification; building coalitions with supporters.

5. Making change lasting: launching change with concrete steps; developing long-term plans to ensure the sustainability of change.

6. Monitoring progress: establishing a system of measures, evaluating success; outlining progress using milestones and benchmarking.

7. Change in systems and structures: consideration of the system of recruitment, training, appraisal, communication, remuneration, roles and reporting systems (these systems complement and support each other).

The model focuses on the role of leadership in creating a sense of urgency, creating a vision, communicating and managing change, and measuring and institutionalizing the progress of change in its multiple dimensions.

7.2.5. Jick's Ten-Stage Model

Todd D. Jick (1991) developed a ten-step model that offers a tactical-level solution for implementing significant organizational change. The idea serves as a plan for organizations embarking on change processes, and also provides a way to evaluate changes that are already underway.

The model includes the following sections:

1. Analysis of the need for organization and change in the organization.

2. Creating a common vision and direction.

3. Breaking with the past.

4. Creating a sense of urgency.

5. Supporting a strong leadership role.

6. Building political support.

7. Outline / deployment plan.

8. Create appropriate structures.

9. Communication, involvement of people, honesty.

10. Strengthening, consolidating and institutionalizing change.

According to Jick, change is an ongoing path of discovery in which more and more questions arise, and where we are always faced with more and more questions to solve.

7.3. Life Cycle Model – Adizes [1]

In the Adizes model of the organizational life cycle, Ichak Adizes (1992) argues that life cycles can be found in organizational functioning as well as in living organisms. Organizations evolve in the face of the difficulties of each stage of development; different stages of life, as in the case of living organisms, enable organizations to perform differently.

1. At the stage of *courtship*, the organization is not yet born, but exists only as an idea. The founders make plans, seek peers for their future venture, and try to assess its opportunities and limitations.

2. *Infancy* is the beginning of the functioning of the organization, the period of deeds, of action. The management wants results, they want to see their ideas justified as soon as possible, which is why everyone works a lot, actively and casually. This stage may be characterized by undulating performance, vulnerability to the negative effects of the external environment (not enough experience and knowledge to prevent them), and often a lack of capital due to insufficient results. These phenomena often lead to "infant death".

3. The organization that has entered the *"let's go"* phase has successfully overcome the initial difficulties, and can begin to implement the original plan. The organization is starting to flourish, and is seeing and exploiting more and more opportunities. This is often the main threat to organizations. Overconfidence in the wake of success will lead to businesses that exceed their capacities. The organization of this stage is characterized by the flexibility of organizational regulation and administration, and often a complete lack of control, and everyone does what is needed.

4. The organization that has reached *adolescence* is reborn at this stage. This is when the first major changes in the organizational structure take place, the management and the old staff are partially replaced, and the founding leader must learn to lead with a strategic leadership approach after the transfer of decision-making responsibilities and powers. This is often when goals are rethought. The characteristic problems of this stage are the constant presence of debates and internal struggles, which can also cause a state of crisis.

5. *Manhood* is the most favorable stage of the life cycle. It is characterized by a well-functioning organizational system and structure, institutionalized goals and vision, regulation and planning in the operation of the processes, as a result of which the organization operates predictably and effectively. New infant organizations are leaving the organization. The momentum is like that of an organization in the "let's go" phase, yet it is able to deliver manageable, predictable, and reliable performance.

The complaints of this phase are the few well-trained professionals, and the complacency that may happen in a pathological situation that exploits the momentum instead of nurturing it further.

6. At the *settlement* stage, the aging organization is still strong, but it is already starting to lose its resilience. Creativity, innovation and well-established habits cease to exist. They spend less on research, with an emphasis on finance rather than marketing and development. They view change with suspicion, and those who want to change creatively. There is less conflict within the organization, which they enjoy, although the negative effects of this are already visible: the imagination, spirit, and creativity creativity.

7. In the stage of *aristocracy,* it is not the "what" we make that becomes important, but the "how"; that is, style. Formalism prevails in operation, in the behavior of managers and employees, but even in the way they dress. As the liquidity of the organization is still good, it becomes a potential acquisition target. Some leaders already feel the danger, the need for change, but "it is not appropriate" to publicly worry, as they are employees of a reputable organization with extensive experience and significant resources. The problems of the future are not yet depressing; the stirring of stagnant water is currently inconvenient for everyone; and no one is willing to take on the cost of conflicts. Sooner or later, however, comes the moment of truth, when the struggle for the survival of the individual, not the organization, usually begins.

8. In the stage of *early bureaucracy,* the organization is characterized by personal conflicts and internal strife. Due to deteriorating performance, they are looking for and finding scapegoats; suspicion is becoming common; cliques are forming; creative abilities are ultimately misleading, serving individual goals instead of achieving organizational goals.

9. An organization that has entered the *bureaucratic* stage is functioning, but not viable. It isolates itself from its environment; it operates a formal, over-regulated, complex system whose primary purpose is not to meet the needs of the client. However, such an organization often survives for a long time, as it is kept alive by lobbying interests, successful trade union struggles to keep the job, and political interests.

10. *Death* means the elimination of the functioning of an organization. As soon as no one is committed to the organization anymore, the organization will cease to exist.

According to Adizes, life-cycle stages are predictable for organisms which, unlike living organisms, can be altered internally to remain as efficient as possible.

CHAPTER 8

8.1. The Concept of Organizational Development [1]

Organizational development is a form of managing organizational change. Gradual, incremental, rapid, and radical change are generally considered to be the extreme implementations of change management.

The differences in the extreme trends differ in the following respects:

a. The organizational theory approach behind it

b. Interpretation of organizational performance

c. Which organizational characteristics do you consider to be primary in terms of the performance of your organizations?

d. Based on all this, which organizational characteristics do they want to change?

Organizational development means a gradual, incremental change, but there is no agreement between researchers and professionals regarding the definition.

Organizational development approaches are seen by Kieser as an *escape from complexity,* that is, methods that can be used well by practitioners. These approaches assume that after failing to empirically clearly define how to *create motivation, satisfaction, and organizational effectiveness, members of the organization should be persuaded to recognize their own problems, experimentally test their interaction skills, i.e., create conditions that meet both their own needs and the requirements of the organization.* In the absence of a legal context, this approach encourages managers and employees to agree on management issues and, on that basis, initiate changes that allow them to find procedures that consider both their own needs, and the goals of the organization.

Beckhard's definition is the most quoted definition: "Organizational development is a planned, organization-wide, top-down effort to increase an organization's efficiency and viability through planned intervention in organizational processes using behavioral knowledge." [2]

[1] Farkas Gergely–Im-reh Szabolcs–Keczer Gabriella –Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Beckhard, Richard (1974): *A szervezet-fejlesztés stratégiája és modelljei.* KJK. 35.

This definition also includes four very important items:

I.   According to Beckhard, organizational development is a planned change, that is, it includes a diagnosis, a development plan, and the necessary resources.

II.   This is a system-wide change, such as changing organizational culture or strategy.

III.   It is a top-down effort, so management is interested in change, it is committed to goals, and actively involved in processes and actions.

IV.   It aims to increase the efficiency and viability of the organization, so building an efficient, healthy organization is the goal of the entire process.

Beckhard states very logically that, in order to understand organizational development goals, one must have some idea of what an efficient and healthy organization is like. There are several ideas about this in the literature,

Beckhard explains his own as follows:

a. The organization, its various parts, and individuals also work to achieve specific goals.

b. Organizational forms are tailored to the functions.

c. Decisions are made by those who have the right information, regardless of their position in the hierarchy.

d. The leadership incentive system considers performance, employee development, and the right atmosphere.

e. Both vertical and horizontal communication are appropriate, with members of the organization expressing their opinions and sharing important information.

f. They are constantly striving for problem-solving.

g. Discussions about tasks are common, but personal differences are not typical, and they can be resolved.

h. The organization is an open system, the whole organization and its units see themselves as interrelated with each other and with the environment.

i. Preserving the integrity and individuality of people is an important value, and the leadership strategy provides adequate support for this.

j. The organization and its members give and receive feedback so they can leverage their experience.

Based on all this, the goals of organizational development can be:

– Renewal of the organization, making organizational learning more effective. When a self-renewing system develops in an organization, the "form adapts to the function" rather than the task to the existing structure.

– Developing the problem-solving capacity of the organization, developing and incorporating creative solutions, i.e. developing a mechanism for continuous improvement. This requires the incorporation of regular feedback.

– Creating a work spirit in which the degree of cooperation is high and the level of competition is low. Unnecessary competition consumes a lot of energy that could have been put into performing tasks.

– Creating an organizational atmosphere in which conflicts surface, and people resolve them. Unresolved conflicts, their avoidance and concealment also use a lot of energy. Efficiency is enhanced when conflicts are seen as problems to be resolved that are necessary to make the right decisions.

– In addition to the hierarchy, the recognition of authority based on competencies, and the enforcement of them in decisions. (Beckhard, 1974).

The use of behavioral knowledge means that motivation, communication, group processes, intergroup relationships, and organizational culture are key areas of intervention, which primarily tries to influence the attitudes of organizational members.

Summarizing the above, it can be concluded that we cannot speak of a clearly accepted concept, but most of the definitions include the following ideas (Kieser, 1995):

– Organizational development deals with the processes of organizational change

– Everyone involved is also a participant, because the changes depend primarily on them

– Usually, a consultant is needed who supports problem solving; however, the process should be done by the members.

– The needs of both the organization and its members are equally important

The task of organizational development, then, is to improve the performance of the individual, the group, and the organization to help the organization respond even more effectively to changes in the environment. It aims to expand the internal capabilities of the organization by ensuring that organizational structures and leadership processes build as much motivation as possible, and help people unleash their potential.

8.2. The Orientation of Organizational Development [1]

Of the three approaches to organizational development, the first focuses on the individual, the second on groups of the organization, and the third on the organizational structure.

8.2.1. AN INDIVIDUAL - ORIENTED APPROACH

The individual-oriented approach takes place within the framework of group trainings. One of the most important goals of organizational development is to change the behavior of organizational members through diagnosis, communication, and problem-solving processes.

A typical method of this is sensitization training. Due to their observations and experiences, members learn from each other mainly through feedback, and by understanding of group processes.

This approach is based on the following assumptions:

– The analysis of the current social process is more effective in the field of learning than passive inclusion.

– The feelings, reactions and observations of the group members about each other cannot be exchanged during everyday interactions; this is prevented by social norms.

– Appropriate techniques in training can break through these barriers, so we can see how others see us.

– These processes can lead to eliminating bad behaviors, and trying new behaviors.

– New, "more appropriate" behaviors are translated into organizational interactions.

[1] Farkas Gergely–Imreh Szabolcs–Keczer Gabriella –Málovics Éva (2015): *Menedzsment alapok.* Szeged: SZTE GTK.

[2] Beckhard, Richard (1974): *A szervezet-fejlesztés stratégiája és modelljei.* KJK. 35.

8.2.2. Group - oriented approach

Methods based on a group-oriented approach are based on the assumption that if the process of thawing, change, and stabilization is experienced by group members together, behaviors are much more easily transferred to organizational practice.

The key techniques for this approach are:

– Process counseling: A consultant participates in the problem-solving processes of the organization, who does not participate in the problem-solving process, but draws attention to events that he or she considers inappropriate, e.g. for certain settings or communication situations and mediates between opponents.

– Questionnaire survey: The consultant uses questionnaires developed by the group, which deal with leadership, decision, and communication issues. These questionnaires are completed by the group members, and the results are discussed in a group meeting. They identify weaknesses in teamwork, and develop the conditions for better collaboration.

Conflict resolution methods: The different groups first formulate their own, and the other group's behavior separately. The results are discussed with the groups, still separately, and then they put together the things that were judged differently. Based on this, rules of co-operation are established, which are expected to make conflicts controllable and thus co-operation more effective.

– Team building: aims to increase the effectiveness of the group through goal role analysis, and learning about the processes taking place in the group.

– Improving the relations between the groups: reducing unnecessary competition, increasing the cooperation between the groups, exploring the stereotypes about each other, changing it in a positive direction.

8.2.3. Methods acting on structure

These are the procedures that affect the content of the work, and the relationship between the members of the organization, which can be divided into the following groups:

– Development of the organizational structure, change of the competence of the organizational units, change of the hierarchical levels, change of control. These interventions change the degree of organizational hierarchy and bureaucracy.

– Restructuring responsibilities means changing jobs to improve employee satisfaction and performance. Its tools are job expansion, job enrichment, and the creation of quality circles.

8.3. CONFLICTS IN THE ORGANIZATION [1]

[1] Based on Rudas (2014).

As a result of the division of labor in an organization, statuses and dynamic functions emerge, which correspond to certain behavioral patterns. We call these roles, too, similarly to those roles that exist in classrooms or other groups. The carriers of roles (teachers, civil volunteers, director, city hall representative, or any role) carry out a set of activities within the organization. While doing that, they interact with carriers of other roles (inside and outside of the organization).

The more complex the relationships, the interactions and impacts, the greater the dependency between individuals, and the more strictly they need to follow the requirements ordered to their roles. It is easy to see how complicated interpersonal and inter-organizational relationships increase the chance for conflict.

The *actors* mentioned get in conflict within their roles if the behavior prescribed by their roles *does not function* well in different relations. For example, when teachers face different expectations from students, parents, maintenance management and the director.

While there is no perfectly conflict-free world, *internal* conflict does have recognizable and corrigible factors. It is mostly the less obvious, less well-defined and commonly shared role requirements, the unclear expectations that cause a given actor's internal role conflicts. The institutional workplace regulations, the mercurial expectations from the leadership or from the environment, lead to internal role conflicts, psychological pressure, and even neurotic reactions.

The role conflicts of employees are nuanced and driven by the interests of the organization or the department, as well as the competing interests within the organization.

Conflict may emerge *between the various roles* of the individual, as all of us have various roles at the same time (parent, teacher, employee, volunteer etc.). We may often encounter situations in everyday life when these roles are in contradiction, when it is impossible to fulfill them all at the same time.

Within the organizational unit, conflicts emerge when there is a relatively *homogenous group* in certain ways (function, tasks). This may happen for example when within faculty, artistic or music groups competing visions emerge about the place methods, financial needs, and assessment of students. These conflicts are particularly exacerbated by the fact that viewpoints and arguments are not black or white. That is, all interested parties bring reasonable arguments and positions.

Conflicts between organizational units, in other words inter-group conflicts are perhaps the most conspicuous. When we speak of cooperation, when we hold cooperation-development training in an organization, this is one of the most frequent topics.

There may occur other, not necessarily inter-group conflicts within an organization. These are mostly *conflicts of power,* which usually hide the particular interests of individuals. These conflicts are often wrapped into ideologies and values, which makes it difficult to see the real interests, values, and emotions. Conflicts like these often become a terrain of in-fighting between people of hierarchical relationships or equal rank alike.

Every organization is surrounded by an environment that gets in conflict with this or that member. Here a source of conflict may be relationships with maintenance authorities, umbrella organizations, or controlling bodies that feel their interests have been violated by the workings of the organization.

Intrapersonal conflict may be best demonstrated by the impact of work, and particularly of talent care, on the psychological states of the individual. Those who are generally more anxious, unbalanced, struggle with personal issues or have a distorted self-image react more sensitively to stressful situations, the less tactful impositions of the environment, or heightened performance. It seems obvious that these situations may require most self-analysis and development, and well as tips for stress management and conflict management.

As far as *interpersonal* conflicts are concerned, these are present everywhere if there are competing interests, differing value systems, and emotional confrontation between individuals. With some exaggeration, we could say that there is nothing outside of interpersonal relationships. Even inter-group or inter-organizational conflicts are carried and represented by individuals.

Group, organization and organizational unit exist only to the extent that they are a sum of individuals. Therefore, any form of conflict management must be directed at individuals and group members, even if this is not immediately obvious for actors. The same way, disharmonies between individuals may be traced back to interpersonal impacts, and their management has to happen through interpersonal relations, too.

Whatever the size of the organization (micro, mezzo or macro), we cannot disregard its internal duality. While there are authors who draw a sharp line between *formal* (institutional) and *informal* (unofficial, non-institutional) organizations that work in a parallel and alternative universe, this is not quite the case. Formal and informal systems, or from another viewpoint, formal and informal powers exist together, intersecting each other, conditioning each other; they are by definition in some kind of symbiosis in the organizations they share.

In the formal rule system of the organization some kind of system of roles (for example institutional regulations) determines the place of members, status and roles. In theory, therefore, anyone may fulfill any role, because the workings of the organization is independent of personal factors and interpersonal relations. The formal system may be quite understood through patterns and rules that structure the organization. At the level of formal systems, chance is reduced to the minimum; predictability and accountability, on the other hand, are elevated to the maximum.

Those who have ever worked at a workplace (economic, military, educational or public service), know well that the advantages of the formal structure sound better than they are in reality; in fact, they materialize only in a fraction of the cases. Because it is precisely the *informal* system (whether it is inside of the institution, or between institutions of hierarchical and collaborative orders), which is able to *override* formal rules, relationships, statuses and roles at least some of them.

The *regulation* of informal systems is way more relaxed than that of formal systems. Here, individuals actively shape roles, there are no, or there are not always formally prescribed roles. Inter-organizational and intra-organizational strategical and tactical relations are interwoven with interpersonal relationships, likes and dislikes, former acquaintances, ad hoc deals and agreements. Informal systems are characterized by flexibility and spontaneity, which may have its own advantages and disadvantages.

Informality may confront formal systems not only inside of the organization, but also outside of it. External impacts, particularly the external relationships of members, their interests, values and emotional commitments may also impact the organization in hidden ways – or its inter-organizational processes. These conflicts may be difficult to identify, but they may be resolved if identified.

CHAPTER 9

9.1. Leadership and Management

Leadership is probably the single most discussed topic in business literature today. An effective leader can inspire an organization to produce better-quality products, ensure first-rate service to its customers, and make amazing profits for its stockholders. An ineffective leader, on the other hand, can not only negatively impact products, services, and profits but also bring down an organization to the point of ruin. It should be no surprise that organizational leaders are very important and leave a lasting legacy, not just on the companies they run, but also on society as a whole.

Management

When one hears the word management, there is an immediate corporatization of the concept that tends to accompany the term. However, management (the noun) and manage (the verb) are very important parts of any organization. With the rise of the modern corporation during the Industrial Revolution, there was a decent amount of research examining how one should manage. For our purposes, we define the term manage as the communicative process in which an individual or group of individuals helps those below them in an organizational, hierarchical structure to accomplish the organization's goals. Notice that the term is communication focused and active, meaning that managing is something active and ongoing. Therefore, management refers to those individuals who use communication to help an organization achieve its goals through the proper utilization of organizational resources (e.g., employees, facilities, and the like). Theodore Levitt describes management thus: *"Management consists of the rational assessment of a situation and the systematic selection of goals and purposes (what is to be done?); the systematic development of strategies to achieve these goals; the marshaling of the required resources; the rational design, organization, direction, and control of the activities required to attain the selected purposes; and, finally, the motivating and rewarding of people to do the work."* [1]

Notice that management is focused on the day-to-day accomplishment of an organization's goals. Furthermore, management must rally their employees to accomplish these goals through motivation, rewards, and/or punishments. Lastly, management must ensure that they have the necessary resources to enable their employees to accomplish the organization's goals.

[1] Levitt, T. (1976): Management and the post industrial society. *The Public Interest.* Pp. 69–103. P. 72.

Leadership

Where management is focused on accomplishing the organization's goals, leadership is ultimately envisioning and articulating those goals to everyone. Michael Hackman and Craig Johnson define leadership from a communication perspective in this fashion: *"Leadership is human (symbolic) communication, which modifies the attitudes and behaviors of others in order to meet shared group goals and needs."* [2] From this perspective, leadership is less about simply getting goals accomplished and more about influencing the attitudes and behaviors necessary to meet the organization's goals and needs.

Management versus Leadership

How do we distinguish between management and leadership? One of the first researchers to really distinguish between management and leadership was Abraham Zaleznik, who wrote that organizations often are caught between two conflicting needs: *"one, for managers to maintain the balance of operations, and one for leaders to create new approaches and imagine new areas to explore."* [3] Notice Zaleznik argues that management is about maintaining the path of the organization and about handling the day-to-day operations of the organization. Leadership, on the other hand, is about creativity, innovation, and vision for the organization. While leaders often get the bulk of notoriety, we would be remiss not to remind you that every effective leader has a team of managers and employees who help the leader accomplish the organization's goals. As such, leadership and management are symbiotic, and both are highly necessary for an organization to accomplish its basic goals.

[2] Hackman, M. S.–Johnson, C. E. (2009): *Leadership: A communication perspective* (5th ed.). Long Grove, IL: Waveland, p. 11.

[3] Zaleznik, A. (1977): Managers and leaders: Are they different? *Harvard Business Review.* 55., (3.), Pp. 67–78, P. 67.

9.2. Leadership Functions and Organizational Development

Based on the examination of management functions, we can state that they mean special managerial tasks, which the managers perform day by day. The higher the level of a leader in an organization, the more problem-solving and decision-making functions are concentrated in its hands. The basic management functions were already defined by Fayol at the beginning of the last century: planning, organization, direct control, coordination and control. [2] Fayol did not create functional units for each management function; however, more and more organizations created management functional units (such as planning, control departments, coordination departments). This made the interpretation of the leadership function more complex.

Following Fayol, several others have expanded or grouped the number of leadership functions.

Drucker (1992) classified management activities into five basic groups:

– objective for the organization,

– work organization,

– motivating subordinates,

– measurement (including goal setting at individual and organizational level)

– people development.

Mintzberg moved away from the traditional view of Fayoli, and basically classified the ten driving functions marked by his name into three groups:

– interpersonal,

– information

– decision-making roles [3]

[1] Elekes Edit (2014): *Szervezetfejlesztés és vezetési funkciók összefüggésének vizsgálata egy konkrét államigazgatási szervnél.* PhD értekezés. Debrecen: Debreceni Egyetem, Gazdálkodástudományi Kar, Ihrig Károly Gazdálkodás-Eés Szervezéstudományok Doktori Iskola.

[2] Dobák Miklós 1996.

[3] Roóz J. (2001): *Vezetésmódszertan.* Budapest: Perfekt Pénzügyi Szakoktató és Kiadó Rt.

In the literature on the functional examination of leadership, we can see that the authors now mark more and more tasks among the management functions. We are also familiar with systems that further break down the eight to ten basic managerial tasks, and define more than a hundred tasks through their overlapping subgroups.

9.2.1. ORGANIZATION AS A KEY MANAGEMENT FUNCTION

Organization is the coordination of personal and material processes to achieve the goals of the organization, which include:

– recognition, separation and continuous improvement of processes (process organization);

– transformational activities aimed at the organizational structure and hierarchy (organizational planning);

– defining the order of work (work organization).

– the creation of jobs and the related authorizations (organization of human resources).

9.2.3. DEVELOPING PEOPLE AS A KEY LEADERSHIP FUNCTION

Human resources are the key to the operation of all organizations; they determine the efficiency and competitiveness of the organization. By human resource development we mean the development of employees' personal organizational skills, knowledge and abilities. Opportunities such as mentoring, educational support, competency development, career planning and support are used to develop the human capital that is appreciated today.

The most efficient use of human resources can be achieved, with the much-quoted words of A. H. Lyard (1855), through the "right person in the right place" method. This ensures the best and most efficient use of the abilities of all employees to achieve organizational goals. An appropriate level of empowerment should be provided to workers in order to avoid duplication, eliminate red tape, and speed up administration. [4]

[4] Bakó K.–Blaski J. (2009): Játsszunk komolyan! *Ügyvédvilág*. 3., (5.), Pp. 28–29. Budapest: Complex Kiadó Kft.

9.3. Adair's 4-D Followership Model [1]

In 2008, Roger Adair proposed the 4-D followership model to help explain the types of people who exist within an organization. [2] The basic model Adair proposed for understanding followers examines a follower's level of job satisfaction and her or his productivity. Based on the combination of job satisfaction and productivity, Adair demonstrates the likelihood that someone will decide to leave the organization. The basic model can be seen in *Figure 1*.

Figure 1. Followership Model
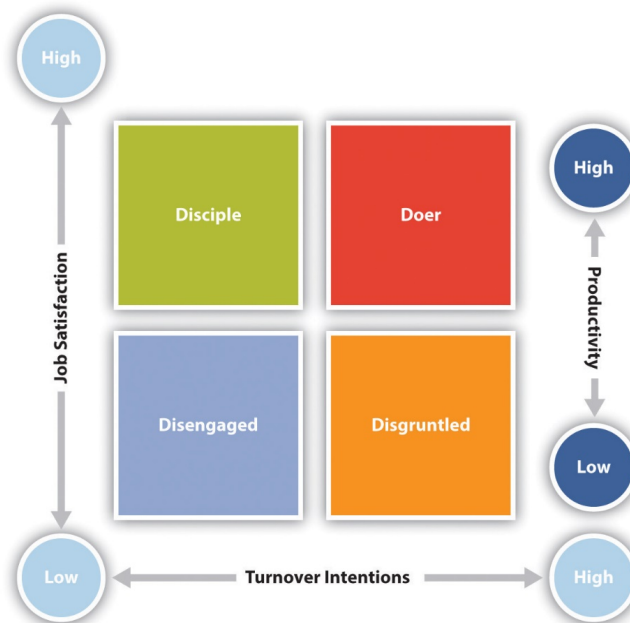
Disgruntled

The first type of follower is called the disgruntled follower. He or she has low levels of job satisfaction and is not overly productive at work. These followers have typically encountered some event within the organization that has left them feeling detached, angry, or displeased. Maybe this person was passed up for a job promotion, or he or she is being bullied in the workplace. Whatever the initial trigger, these individuals are toxic to the work environment. If the disgruntled follower is caught early on in her or his downward slip into this state, there is a chance to pull her or him away from the disgruntled cliff. Unfortunately, too many leaders do not notice the signs early on, and these followers either end up reacting negatively in the workplace or jump ship as soon as they get an offer.

Disengaged

The second type of follower is someone who is disengaged, or someone who doesn't see the value in her or his work, so she or he opts to do the minimum necessary to ensure employment. Often, these individuals perceive their work as meaningless or not really helping the organization achieve its basic goals, so they basically tune out. People who are disengaged likely become so because the original expectations they had for the job are simply not met, so they may feel lied to by the organization, which can lead to low levels of organizational commitment.

Doer

The third type of follower is called the doer. Doers "are motivated, excited to be part of the team. They are enterprising people, and overall are considered high producers. The only real issue with these employees is that no matter where they go in an organization, the grass always looks greener elsewhere." [2] A doer often starts as someone who is upwardly mobile in the organization and becomes a doer when one of two things occurs. First, doers want more out of life, and if they don't feel that there is a continued possibility for upward mobility within an organization, they are very likely to jump ship. Second, if a doer does not feel he or she is receiving adequate recognition for contributions to the organization, then the doer will find someone to provide that affirmation.

Disciple

The last type of follower is the disciple, and this individual is highly satisfied and highly productive. In an ideal world, only disciples would fall under leaders because they have no problem sacrificing their personal lives for the betterment of the organization. These workers are true believers, both in their work and in the overarching goals of the organization. While some people may remain disciples for a lifetime, many more workers start as disciples and quickly become disengageds, disgruntleds, or doers. This generally happens because an organization's own employees, processes, or systems do not encourage disciple behavior and eventually wear the disciple down to the point where his or her sunny organizational outlook becomes one filled with clouds.

[2] Adair, R. (2008): Developing great leaders, one follower at a time. In: Riggio, R. E.–Chaleff, I.–Lipman-Blumen, J. (Eds.): *The art of followership: How great followers create great leaders and organizations*. San Francisco: CA: Jossey-Bass. Pp. 137–153.

CHAPTER 10

10.1. The Concept of Organizational Culture [1]

Culture in general can be seen as the sum of the history of the past, the actions of the present, and our ideas about the future. Organizational culture is also essentially a kind of social cohesive force with visible and invisible elements, which determines the identity awareness of the company's employees, and helps to identify with organizational goals.

The concept and literature of organizational culture was completed in the 1980s. It was defined as the sum of the management styles and habits of corporate life within the company. In this context, many examined the impact of the different cultural backgrounds of the members of the organization on the organization as a whole, i.e., the need to develop a unified organizational culture (such as prescribing strict dress codes for larger companies, or organizing traditional corporate gatherings). The result of the research has been that large multinational companies are striving to create a unified culture. According to research, it takes nearly a decade to develop a particular culture, and corporate leadership often seeks to guide the organization through the development of an organizational culture.

In summary, with regard to organizational culture, it can be said that it:

– is a philosophy, a system of norms that supports the operation of the organization;

– can be considered as a system of accepted and expected workplace behaviors;

– is created by constant change;

– is based on a common experience, past;

– mostly characterizes only long-standing organizations;

– the members of the organization socialize as a result of common events and experiences, as a result of which a special system of rules develops within the organization.

[1] Elekes Edit (2014): *Szervezetfejlesztés és vezetési funkciók össze-függésének vizsgálata egy konkrét államigazgatási szervnél.* PhD értekezés. Debrecen: Debreceni Egyetem, Gazdálkodás-tudományi Kar, Ihrig Károly Gazdálkodás-Eés Szervezéstudomá-nyok Doktori Iskola.

All this is essential for the efficient functioning of the organization, because it has an integrative, cohesive effect. Organizational culture is thus a set of shared values and norms, an unwritten code of behavior of an organization, which is manifested in people's behavior and reactions. However, the components listed can take on a great deal of individual character by the extent to which the general cultural level of a given community, the core values of their culture, coincide with the expected attitude of the organization.

The effects of organizational culture:

– Together with a sense of belonging, it creates an organizational identity and supports strategic objectives;

– Reduces human resource costs;

– It has an effect on the work ethic of the members of the organization, which lays the foundation for high-quality work;

– Employee satisfaction will also be noticeable to partners – it ensures uniqueness and distinctiveness;

– Involves the necessary development of managers' behavior, abilities and skills through training;

– It makes change management easier and better prepared.

According to Dutch social psychologist Geert Hofstede (1991) (who was an honorary member of the Hungarian Academy of Sciences), culture is nothing but the collective programming of consciousness, which distinguishes groups of people. Thus, every workplace has a kind of 'programming', that is, a culture. Other experts perceive this as comparing organizations to people. Just as all people have behavioral characteristics, organizations have such traits, and this is called organizational culture. In some jobs, people feel better, while in others they feel worse. But it is not only because of the well-being of employees that it is important to research organizational culture; well-being also affects the efficiency of organizations.

10.2. The relationship between the organization and the organizational culture [1]

The efficient operation of an organization is influenced by several factors, of which the organizational culture and its constituent elements are of paramount importance. McKinsey's 7S model shows the place of organizational culture in the leadership and management system.

This model identifies seven basic leadership dimensions:

– Strategy: aims to gain a competitive advantage, improves the market position of the organization. It provides guidance for the future, encompassing the organization's mission and goals.

– Structure: the organizational scheme of the division of labor, with regulators of powers and responsibilities.

– Systems: units that summarize the operational and development processes within an organization.

– Style: the behavior of leading.

– Staff: employees of the organization, their composition.

– Skill: the ability, expertise, and performance of the organization as a whole and its employees in relation to solving tasks.

– Shared values: the rules and norms adopted by the employees behind the organizational goals, whose following is obligatory for everyone.

These dimensions can be well-defined, so-called hard elements such as organization, structure, and systems. The other four dimensions (staff, expertise, style, common values) are more difficult to grasp; they are the so-called soft components, which are linked to human resources. Together, the soft dimensions form the organizational culture, which can only be successfully shaped in interaction with the hard dimensions.

[1] Elekes Edit (2014): *Szervezetfejlesztés és vezetési funkciók összefüggésének vizsgálata egy konkrét államigazgatási szervnél.* PhD értekezés. Debrecen: Debreceni Egyetem, Gazdálkodástudományi Kar, Ihrig Károly Gazdálkodás- Eés Szervezéstudományok Doktori Iskola.

10.2.1. APPROACHES TO ORGANIZATIONAL DEVELOPMENT ACCORDING TO ORGANIZATIONAL CULTURE

Some experts of workplace psychology liken organizations to people. Just as all people have behavioral characteristics, organizations have such traits, too. This can be interpreted as organizational culture. In some jobs, people feel better, while in others they feel worse. Research into organizational culture is important not only because of the well-being of employees, but also because of how well-being affects the efficiency of organizations. [2]

[1] Elekes Edit (2012): Élet a projekt előtt, közben és után – Vezetési funkciók és projektmenedzsment egy adott szervezetben (Virtuális Intézet Közép-Európa Kutatására Közleményei, *VIKEK közlemények.* IV.évf. 4., (10.), A-Sorozat 2. Pp. 193–207. Szeged.

10.3. Organizational culture models

Below we describe two models of organizational culture that are decisive for organizational development and change management.

10.3.1. Hofstede dimensions

Dutch psychologist Geert Hofstede worked in IBM's human resources department in the 1950s and 1960s, and conducted a survey of IBM employees worldwide. Based on a questionnaire (e.g., how they solve problems; how they work together; how they relate to leadership), Hofstede examined the extent to which cultures differ. The unconscious effect of national affiliation on behavior was published in *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations.* His research is referred to as Hofstede Dimensions, which has become an accepted paradigm of intercultural psychology today.

– The scale of individualism, the dimension of individualism, expresses the extent to which culture expects individuals to take responsibility for themselves.

– The dimension of uncertainty avoidance provides an answer to how well a given culture tolerates ambiguity.

– The dimension of power distance expresses how much culture values and respects authority, and how far it is positioned from power. Hofstede coined the term power distance based on attitudes toward hierarchy.

– Masculinity versus femininity explores to what extent career, power, wealth, or the number and quality of human relationships are the measure of success in a given society. In masculine societies, the roles of men and women and the positions they occupy are sharply separated. In feminine cultures, virtually the same jobs and career opportunities are open to both sexes.

10.3.2. Handy's culture typology

According to Handy, the way we handle our affairs within an organization determines organizational culture. Based on the relationship and changes of external influences and internal relations, he defined new types within organizational culture: the culture of power, role, task and personality. The basic principle is that the culture of organizations performing different activities is fundamentally different, and this is often reflected in the external features of the organizational culture. Organizations attract people of different values, the work atmosphere is different, the way and rhythm of work is different. He basically distinguished four types of organizational cultures.

The concept of power culture (spider web model) means that the people in the center who are in control of the organization are surrounded by loyal workers. It is effective in smaller organizations, but due to personal dependence, deformity of the leader's role is also conceivable. A defining element of a culture of power (web culture) is a central actor from whom authority and power radiate in all directions within the organization. There are few rules, and bureaucracy and decisions depend on power relations. It is a typical culture of relatively smaller, entrepreneurial type organizations. The response to environmental changes depends on the personality and leadership skills of the individual at the center.

Role culture (Greek colosseum culture) is a culture of bureaucratic organizations that operates on the basis of rationality and logic. The supporting pillars of the organization are the functional areas; control is ensured by the rules of procedure and regulations. Narrow top management exercises power, and ensures personal coordination. In this culture, the job description is more important than the person, and the right person for the position or role is selected. This organization operates reliably in a stable, unchanging environment and has difficulty responding to change. Role culture is close to the concept of bureaucracy; structure is important here as well, but it is not the position but the task that is at the center. The idea of a task or matrix, also referred to as culture, offers an extremely flexible, expandable formation. The continuous negotiation of the individual units may slow down the work a bit, but this concept can be combined well with different models, even with a pyramid-like linear system.

Task culture (network culture) is a job- or project-oriented culture in which the main goal is to get the job done, for which management provides the resources. In this culture, expertise and personality are more important than position, which is a mere formality. Groups and projects can be easily reorganized according to environmental changes, so it is an adaptive culture. The organizational culture with a typically matrix structure has task culture, where each person controls their own work. On the negative side, performance-based evaluation often leads to conflicts and competition, which reduces organizational efficiency.

The central figures of person cultures (set culture) are individuals with outstanding expertise. Such organizations do not tolerate a leadership hierarchy, and an individual can leave the organization at any time without any consequences. Only a few organizations, such as chambers or audit firms, tolerate this culture. Personality culture is out of the question in law enforcement, as in this vision, the realization of the individual's own goals is a priority.

CHAPTER 11

11.1. Strategic Communication [1]

[1] Hani, Khan (2020): *What is Strategic Communication?* https://www.simpplr.com/blog/2020/what-is-strategic-communication/

Strategic communication is a term used to encompass a variety of communication-related professions, such as public relations, brand communication, internal communication and corporate communication.

Strategic communications uses message development with high levels of planning and research of audience behaviors and perceptions to fulfill the organization's mission. The messages are created to target specific audiences and help position an organization's communication goals with its structural goals.

Strategic communication can be delivered through a range of sources, including press releases, social media, radio and television advertisements, internal messages, interviews, white papers, and more.

Basic Elements of Strategic Communications

1. Organization's mission statement as the blueprint for your communications

2. Identifying key themes

3. Maintaining consistent messages for organizational strategies and business objectives

4. Keeping messages clear and simple

Why is Strategic Communication Important?

In order for strategic communications to be effective, senior leadership needs to be aligned and connected across the board to embrace communication tactics and core company messaging.

According to Shayna Englin, who teaches public relations and corporate communications at Georgetown, "being strategic means communicating the best message, through the right channels, measured against well-considered organizational and communications-specific goals. It's the difference between doing communications stuff, and doing the right communications stuff."

Developing a strategy and plan lays the groundwork for fulfilling a purpose and allocating resources towards the greater goals. As social media and the expansion of media becomes more prevalent, it can become easy to shift attention away from the initial efforts.

Impressions and follower count don't mean anything at the end of the day if they are not driving brand awareness or sales towards the company goals. Strategic communication is a coordinated effort of communication to influence consumers and in commercial use is geared towards the promotion of products.

Strategic communications is about developing and creating a plan with a goal in mind. By framing and constructing a narrative around the organization's thought leadership, it emphasizes what is important to the organization and creates brand recognition. This in turn builds the reputation and adds credibility.

The Power of Strategic Communications

Well-designed communications provides employees with the tools for a stronger and more consistency across the organization's brand. Communication is extremely important to the backbone of your company and its culture. A highly engaged workforce increases productivity, reduces employee turnover and ultimately impacts the bottom line. In fact, research has suggested that companies with engaged employees outperform competitors with an unengaged workforce across multiple factors, including profitability, customer ratings, and even safety incidents.

Social, modern intranets play a large part in helping to engage employees across the organization regardless of their role, department and even location. Creative communication through videos, contests, polls and social posts encourage two-way communication and engagement. By utilizing an intranet, a company's strategic communication plan has the ability to increase employee engagement which ultimately leads to a large part in the company's success.

11.2. Change management

11.2.1. What is Change?

Change refers to the alteration of existing conditions. It is a process whereby the substance, nature, direction, or any other feature of a thing, person or history takes a new direction. The most famous statement about change comes from the ancient Greek philosopher Heraclitus:

"No man ever steps in the same river twice, for it's not the same river and he's not the same man."

This quote means that the river I stepped into yesterday is no longer the same river: the passage of time has caused that its substance is different, the water of yesterday is gone, its temperature might have changed, etc. Furthermore, I am not quite the same person as I was yesterday, either: I have grown a day older, and may have experienced things that make me different, even if just ever so slightly, than I was yesterday. I may be in a different mood, and may have new knowledges and experiences. Heraclitus' quote also refers to the fact that for the river to stay the same, it must flow continuously; therefore, existence is predicated upon constant change. Indeed, Heraclitus famously said, *"There is nothing permanent except change."*

Heraclitus' quote is about the constancy and omnipresence of change. Even those who claim to be highly conservative and resist change have to accommodate change to some degree. Change is everywhere: in human personal development, in the evolution of species, the passage of historical time, changes in society and culture, and technological change. We will briefly review some of these changes here.

Other insights about change from historical personages [1]:

1. "The measure of intelligence is the ability to change" – *Albert Einstein*

2. "The greatest discovery of all time is that a person can change his future by merely changing his attitude" – *Oprah Winfrey*

3. "Change is the law of life, and those who look only to the past and present are certain to miss the future" – *John F. Kennedy*

4. "Everyone thinks of changing the world, but no one thinks of changing himself." – *Leo Tolstoy*

5. "Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world." – *Harriet Tubman*

6. "To improve is to change; to be perfect is to change often." – *Winston Churchill*

7. "I can't change the direction of the wind, but I can adjust my sails to always reach my destination." – *Jimmy Dean*

8. "If you don't like something, change it. If you can't change it, change your attitude." – *Maya Angelou*

9. "Education is the most powerful weapon which you can use to change the world." – *Nelson Mandela*

10. "The secret of change is to focus all of your energy not on fighting the old, but on building the new" – *Socrates*

11.2.2. TEN ASPECTS OF ORGANIZATIONAL CHANGE

Change is a constant fact of life. When your organization undertakes projects or initiatives to improve performance, seize opportunities or address key issues, they often require changes to processes, job roles, organizational structures, and types and uses of technology.

However, when organizations change, it is in fact people who change. It is actually the employees of your organization who have to ultimately change how they do their jobs. If these individuals are unsuccessful in their personal transitions, or if they don't learn and embrace a new way of working, the initiative will fail. On the other hand, if employees engage with and adopt changes required by the initiative, it will deliver the expected results.

In organizations, change may involve the following ten aspects of day-to-day activities [2]:

[2] Source: www.prosci.com

1. **Locations:** Change of locations includes movement from one place to another. It may be relatively minor, such as the movement of an employee's desk or office elsewhere. However, it can be quite major, too, such as the movement of an entire department, or the movement of a whole building, site or headquarters to someplace else. Depending on the extent and distance of movement, it can be disruptive for only a few hours, or entire weeks or even months. This kind of change may meet with both positive and negative attitudes from employees. People might feel nostalgic about their old place as they grew attached to it, or they may look forward to improved work conditions presented by the new place.

2. **Processes:** Change of processes means the introduction of new elements, and/or the elimination of old elements in the way things get done. It is disruptive in a sense that old and familiar routines are broken, and employees are often disgruntled about having to learn new procedures. At the same time, change of processes usually aim to create more efficient workflow, ultimately; employees must understand that, while learning new processes and getting used to them takes time and energy, in the long run the new process saves them effort.

3. **Systems:** Change of systems refers to broader systemic change such as the different ordering of organograms or departments in an institution. It may involve the movement of departments under a new broader unit. New hierarchies may be introduced. The challenge here is to learn the workings and interconnections of the broader institution.

4. **Tools:** The change of tools is a very common kind of change in the workplace. It comes from the fact that technology is improving rapidly, and new methods are developed through the introduction of new tools, which are usually labor-saving devices that make work more efficient. From a broader historical perspective, change of tools in industry sometimes referred to as revolutionary. Consider the eruption of new technologies: the agricultural revolution 11,000 years ago, which was based on new tools, and allowed populations to settle and grow. The Industrial Revolution introduced new machines and technologies fueled by non-human power. The latest technological revolution brought in the use of computers and Internet technologies.

5. **Job roles:** Change in job roles may come with a new position. New positions may come with new responsibilities, new tasks, a new environment, and new people with whom one works. These changes mean the disruption of routinized work, and the challenge is to learn new tasks and create new habits.

6. **Critical behaviors:** This kind of change may include a change of behavioral patterns with a person in a critical position. Such changes affect several people. Behavioral changes may be a result of a personal shift, or training directed at behavior with people.

7. **Mindsets, attitudes, beliefs:** This kind of change may affect the overall vision, direction and mission of the organization. Mindsets, attitudes and beliefs have to do with core value systems, and their change will reflect in the overall direction of the organization. For example, if a news outlet, a radio or TV channel or newspaper changes its ideological leaning from conservative to progressive or the other way round, employees have to deal with that change. People often work at a particular workplace because they agree with its value system or ideological positions; if that changes substantially, they will no longer feel at home in the organization.

8. **Reporting structure:** This may involve new hierarchies, and an employee may have to report to a different person. In this case, change may include change of expectations in the manner of reporting. A new boss may require different formats, style, length, focus, and language in reports.

9. **Performance reviews:** Change in performance reviews may most affect the employee when the criteria of assessment are changed. In this case, new criteria have to be communicated very precisely so that employees know about new expectations.

10. **Compensation:** Change in compensation refers to change in one's salary. More often than not, this is a positive change and salaries tend to rise. Sometimes, however, employees have to take a pay cut. Negative change in compensation may create greater crises as discontent employees may seek other opportunities.

11.3. Crisis Communication

Crisis management is a critical organizational function. Failure can result in serious harm to stakeholders, losses for an organization, or end its very existence. Public relations practitioners are an integral part of crisis management teams. So a set of best practices and lessons gleaned from our knowledge of crisis management would be a very useful resource for those in public relations. [1]

11.3.1. DEFINITIONS [2]

There are plenty of definitions for a crisis. For this entry, the definition reflects key points found in the various discussions of what constitutes a crisis. A crisis is defined here as a significant threat to operations that can have negative consequences if not handled properly. In crisis management, the threat is the potential damage a crisis can inflict on an organization, its stakeholders, and an industry. A crisis can create three related threats: (1) public safety, (2) financial loss, and (3) reputation loss. Some crises, such as industrial accidents and product harm, can result in injuries and even loss of lives. Crises can create financial loss by disrupting operations, creating a loss of market share/purchase intentions, or spawning lawsuits related to the crisis. As Dilenschneider (2000) noted in The Corporate Communications Bible, all crises threaten to tarnish an organization's reputation. A crisis reflects poorly on an organization and will damage a reputation to some degree. Clearly these three threats are interrelated. Injuries or deaths will result in financial and reputation loss while reputations have a financial impact on organizations.

Effective crisis management handles the threats sequentially. The primary concern in a crisis has to be public safety. A failure to address public safety intensifies the damage from a crisis. Reputation and financial concerns are considered after public safety has been remedied. Ultimately, crisis management is designed to protect an organization and its stakeholders from threats and/or reduce the impact felt by threats.

Crisis management is a process designed to prevent or lessen the damage a crisis can inflict on an organization and its stakeholders. As a process, crisis management is not just one thing. Crisis management can be divided into three phases: (1) pre-crisis, (2) crisis response, and (3) post-crisis. The pre-crisis phase is concerned with prevention and preparation. The crisis response phase is when management must actually respond to a crisis. The post-crisis phase looks for ways to better prepare for the next crisis and fulfills commitments made during the crisis phase including follow-up information. The tri-part view of crisis management serves as the organizing framework for this entry.

[1] https://institutefor-pr.org/crisis-manage-ment-and-communica-tions/

[2] https://instituteforpr.org/crisis-manage-ment-and-communica-tions/

Figure 1. Stages of Crises Communication [3]

[3] https://www.page-centertraining.psu.edu/public-relations-ethics/ethics-in-crisis-management/lesson-1-prominent-ethical-issues-in-crisis-situations/crisis-communication/

[4] https://blog.hubspot.com/service/crisis-communication-plan

11.3.2. Crisis Scenario Examples [4]

Any number of scenarios could manifest as a business crisis that warrants communication from your organization.

*Some of the **most common types of crises** include:*

– **Financial** – Financial loss such as announcing a bankruptcy or store closures.

– **Personnel** – Changes to staff that may affect operations or reputation such as employee furloughs or layoffs.

– **Organizational** – An apology for misconduct or wrongdoing as a result of organizational practices.

– **Technological** – Technological failure that results in outages causing reduced functionality or functionality loss.

– **Natural** – Natural crisis that necessitates an announcement or change of procedure. For example, defining safety precautions in the midst of a health crisis.

In addition, anything else you can think of that could **stall or halt business continuity** is a good example of a crisis that warrants communication with customers and/or the public.

CHAPTER 12

12.1. The PROSCI Methods I: Change starts with people [1]

In this module we will describe and present some change management methods used by the global company Prosci. Prosci was founded in 1994, and developed a substantial amount of experience in change management and its communication.

These change management strategies help organizations

– build effective change capabilities

– combine scientific principles and a focus on the people side of change to deliver superior training programs

– maintain the world's largest body of change management knowledge

– ensure exceptional customer experiences

The Prosci method is a structured, adaptable, repeatable approach that enables individuals to successfully move through changes in an organization, and therefore enables organizations to change successfully.

In this unit, we will review the three basic methods developed by Prosci:

– The PCT Model

– The ADKAR Model

– The Prosci 3-Phase process

12.2. CHANGE STARTS WITH PEOPLE

It is only apparent that organizations change in fact, it is people who change, or who must change, and therefore change management must base itself on the "people side of change. Change management is the application of a structured process and set of tools for leading the people side of change to achieve a desired outcome. It is based on the premise that institutional and organizational change may only lead through the change of people. Organizations do not change unless people do.

We may define change as a project, initiative or solution introduced in the organization in order to improve the way work gets done, to solve a problem, or to take advantage of an opportunity. Any initiative or solution that improves an organization will affect how employees do their day-to-day work.

Remind yourself of the following Ten Aspects of Change, which we already outlined in Module 1. Note that through all these changes, it is people who must work themselves through:

Ten aspects of change at an organization:

1. Locations

2. Processes

3. Systems

4. Tools

5. Job roles

6. Critical behaviors

7. Mindsets, attitudes, beliefs

8. Reporting structure

9. Performance reviews

10. Compensation

These changes can be quite disruptive of the everyday lives of employees, which is why they have to be treated with extra attention. Often, when change gets started, employees typically receive an email on Monday for training on Tuesday and go-live on Wednesday. That is not the right way to treat people, especially your organization's most valuable asset. Leaders must proactively engage, equip and support people during times of change.

12.2. Organizational Change Management, and Organizational Change Management Capability

12.2.1. Organizational change management

While all change happens at the individual level, it is often impossible for a project team to manage change on a person-by-person basis. Organizational change management means taking steps and actions at the project or initiative level, which supports the hundreds or thousands of individuals who are impacted by a project.

Organizational change management involves:

– Identifying the groups and people who will need to change

– Identifying the ways they will need to change

– Creating a customized plan for ensuring impacted employees receive the awareness, leadership, coaching and training they need in order to change successfully

– Driving successful individual transitions as the central focus of the activities in organizational change management.

– Bridging the gap between individual change management and organizational change management.

12.2.2. Change Management Capability

What does it take for a company to be successful at change management? Why do so thrive, others sink while changing? Organizational change management depends on an enterprise's Change Management Capability.

This capability may be acquired and developed by each company, and consists of:

– Providing competitive differentiation

– Providing the ability to effectively adapt to the ever-changing world

– Embedding effective change management into the organization's roles, structures, processes, projects and leadership competencies

– Applying change management processes consistently and effectively to initiatives

– Having leaders and people managers who have the skills to guide their teams through change

– Having employees who know what to ask for in order to be successful through change

Having Change Management Capability means that people and teams are equipped to embrace all kinds of changes and challenges quickly and effectively. These organizations are more agile and versatile. They respond quickly to market changes, embrace strategic initiatives, and adopt new technologies. As a result, their productivity is impacted less. In short, they make adopting change part of how the organization works.

Change Management Capability does not happen by chance; it can be developed and consciously enhanced. Building enterprise change capability is an investment that requires a strategic approach and intentional process to embed it across the organization.

12.3 Reasons for Change Management

12.3.1 Why is Change Management Necessary?

Change is taking place in your organization every day with new projects and initiatives to improve performance, increase profits, and enhance your competitive advantage. You could be implementing technology to enable a more mobile workforce, re-engineering a process to ensure regulatory compliance, or pursuing an enterprise-wide transformation around customer experience. In all of these changes, people are the common denominator for achieving intended outcomes—which is why you need change management.

Change management enables organizations to:

– **Address different impacts on people and teams**
Projects and initiatives may have a significant impact on the ways individual people do their work on a day-to-day basis. Change can impact processes, systems, tools, job roles, workflows, mindsets, behaviors and more. Each change impacts different groups within your organization differently. For example, a new electronic medical records system will affect people in the IT department, while the change may be insignificant to the finance team.

– **Thrive in an fast-changing world**
Organizations are facing faster, more complex, more interdependent and more cross-functional changes than ever before. By applying change management, organizations deliver results on each change more effectively, even while managing multiple unique changes. An organization that works to build change competencies in their people will improve over time.

– **Close the gap between requirements and results**
Often, organizational changes end up meeting requirements without delivering expected results. They deliver the necessary outputs without delivering expected outcomes. This is what happens when the organization focuses efforts on the solution itself, rather than its benefits. Closing the gap between requirements and results, between outputs and outcomes, and between solutions and benefits requires focusing on the people who must use the change every day.

– **Increase the likelihood of success**

Experience shows that initiatives with excellent change management are six times more likely to meet objectives than those with poor change management. The better one applies change management, the more likely they are to deliver on project objectives.

– **Reduce risk**

Ignoring the people side of change creates costs and risks, which might harm people. While changing, the company must not focus exclusively on meeting technical requirements. Failing to plan for and address people's needs in change leads to greater absenteeism and attrition, reduced productivity, lower morale, and disengaged employees. Customers too feel the impacts along with the organization. Change management should be directed at mitigating those mission-critical risks.

– **Limit variability in change**

Because change is difficult, companies should remove the chance or variability associated with project changes and initiatives as much as possible. Project management accomplishes this through sequencing milestones, deliverables, activities and resources over the project or initiative's lifecycle. But these actions only address the technical side of a change. Company leaders must proactively support and guide people through the impacts from project changes. Change management mitigates or removes variability by preparing, equipping and supporting employees, so they can engage, adopt and use the change successfully.

CHAPTER 13

13.1. The Prosci Change Triangle and ADKAR Model [1]

13.1.1. THE PROSCI CHANGE TRIANGLE MODEL

This model is based on four critical aspects of any successful change. The PCT model helps actors understand the four critical aspects of any successful change and how they relate to and promote a company's health in change. It also highlights where change management fits into the bigger picture that includes how the project is managed and the leaders involved.

The PCT Model is a triangle that consists of four aspects that are critical for successful change:

1. **Success** – This is at the heart of the triangle. Any company vying for success must have a definition of successful change. What is the reason for change? What are the company's objectives? What are the organizational benefits of change?

2. **Leadership/Sponsorship** – This refers to the direction and guidance for a project. Successful changes are directed and orchestrated by competent leadership. Who is accountable for defining why a change is happening? How does change align with the direction of the organization? Why is change a priority?

3. **Project Management** – This is the discipline that addresses the technical side of a change. It aims to design, develop and deliver solutions that solve a problem or address an opportunity. It has limitations of time, cost and scope.

4. **Change Management** – This is the aspect that addresses the people side of the change. It helps people to engage with, adopt and use the solution.

13.1.2. The ADKAR Model

The word "ADKAR" is an acronym for the five outcomes an individual needs to achieve for a change to be successful:

– **Awareness** of the need for change

– **Desire** to participate and support change

– **Knowledge** on how to change

– **Ability** to implement desired skills and behaviors

– **Reinforcement** to sustain the change

This model is based on the understanding that organizational change can only happen when individuals change. The ADKAR Model focuses on individual change. It guides individuals through a particular change and addresses any roadblocks or barrier points along the way.

Organizational changes often fail because employees do not understand the importance of getting on board the change or how to successfully make the change. They simply understand that a change is happening. Often, leaders are not equipped to engage individuals effectively during the change and to manage any potential resistance. The ADKAR Model equips leaders with the right strategies and tools, and individuals with the right information, motivation and ability to successfully move through changes in the organization.

By outlining the goals and outcomes of successful change, the ADKAR Model enables leaders and change management teams to

1. focus their activities on what will drive individual change

2. achieve organizational results.

13.2. The ADKAR Method I [1]

13.2.1. AWARENESS OF THE NEED FOR CHANGE

Any successful change begins with the answer to one of the most basic questions about change: Why is change taking place? It is human nature to want to understand the reasoning behind an action or a required change. Awareness represents this thirst for understanding.

Before looking at the contributing and resisting factors, it is important to see how awareness is defined in the model. The ADKAR Model defines this stage as the "awareness of the need for change," not simply "awareness that a change is happening." This is an important distinction and is not merely semantics. "Awareness of the need for change" means we still stand before the change and therefore have greater control to manage it; "awareness that a change is happening" suggests that we are at the mercy of processes that we are unable to control, even though we do recognize them.

Building awareness means sharing both the nature of the change and answering why this change is necessary. It means we clearly see the business drivers or opportunities that have resulted in the need for change. It also means addressing why a change is needed, and explaining the risk of not changing. Our goals should be for our employees to say they understand the nature of change and why it needs to take place. This kind of understanding can be very powerful; on the contrary, employees who do not understand the nature of change and why it needs to take place will be only dragging along. They will be reluctant participants, and they will hinder the process rather than contribute to it.

*The following factors may help **build awareness for change**:*

– Communications from others: Employees may be told by their superiors or co-workers about the necessity for change. This kind of information flow requires open communication within the organization. Sponsors' messages, managers' conversations, or general employee communication are key sources of information, that is, awareness.

– Access to information: Employees may find out about the necessity for change through basic access to company information. This has to do with a basic level of transparency in an organization. Secrecy creates distrust and anxiety.

[1] Source: www.prosci.com.

– An event: An event might be a powerful reminder for the necessity for change. Events might trigger feelings and have to do with experiences, which may open employees' eyes.

– An observable condition: This can be any observable, recognizable fact about the company, or something that employees experience. For example, that certain units work inefficiently, or that they are understaffed.

– Readily-available business information: Employees should be able to know the basic facts about their company to create awareness of what needs to be changed.

– Catastrophic disaster: These are radical events that open people's eyes when dysfunctions are otherwise imperceptible in daily operations.

– Gradually weakening financial performance: This is part of the accessible business information employees should be informed about.

Sometimes however, there are resisting factors to building awareness. In some cases the resisting factors may be so strong that even the best communications plan will be insufficient. Effective change management plans must be able to cope with these resisting factors.

*The following factors may **block the building of awareness***:

– Distrust the sender of the message: Even when information flows and communication is open, the credibility of the source might prevent the information from being taken seriously.

– Disbelief in, or disagreement with the reasons given for why change is necessary: People might not believe the content of communication about why change is necessary if it runs counter to their own experiences.

– Comfort with the status quo: When people feel happy and comfortable, they tend not to see the problems on the horizon.

– Rumors or misinformation: Misinformation might be the plight of otherwise open and well-functioning communication in an organization. While true facts travel fast in them, rumors and false information travel fast, too.

13.2.2. Desire to Participate and Support Change

Once employees understand why a change is needed, the next step in successful change is making a personal decision to support and participate in the change. But how do we make the transition from awareness to desire to participate? Awareness actually might meet with the rejection of change, in which case the challenge is to make employees support the change.

Awareness and information in and of themselves do not lead to desire. Reasons for change have to be translated into the personal and organizational motivating factors. Change management plans will require artful use of key business leaders as sponsors of change, and of managers and supervisors as coaches to employees during the change process.

It is commonly believed that desire is the most difficult of the five building blocks to achieve when it comes to change management. It may involve serious tasks of persuasion. It is ultimately a personal decision that is not under managers' direct control. While there are certainly ways to try and influence a person's decision to embrace a change, in the end it comes down to individuals making this decision themselves. As with awareness, desire is only achieved when the individual says they will be part of the change.

Nevertheless, the following tactics for building desire may motivate employees to participate in and support change:

– Likelihood of gain or achievement, incentives

– Fear of consequence, risk or penalty

– Desire to be part of something, desire to belong

– Willingness to follow a leader you trust

– Alternative is worse

– Active and visible primary sponsor

– Strong sponsorship coalition

– Personal engagement by coaches

– Proactive management of resistance

– Strong employee involvement in creating the needed solution

– Incentive programs aligned with the change

Leaders should actively deploy these tactics in order to enhance desire for participation.

Simultaneously, they should fend of potential **resisting factors** *which might be prevalent among employees:*

– Comfort or security with how things are now

– Fear of the unknown

– Change not aligned with a person's self-interest or values

– No answer to What's In It For Me?

– Negative history with change on a personal level (low confidence of success)

– An individual's personal situation - financial, career, family, health

– An organization's track record with change

Awareness and desire may have various degrees and may come and go. Sometimes, change management professionals conclude that once they have created awareness and desire, they no longer need to reinforce these elements. They quickly move on to the next step, which is training to help build knowledge and ability. However, awareness and desire can go away as quickly as they were created. It requires reinforcement and continued communication to maintain the levels of awareness and desire necessary to make changes successful.

13.3 The ADKAR Method II (Continued) [1]

13.3.1. Knowledge on How to Change

Once employees have understood the necessity for change and have developed a desire to participate in it, the next step is to know how change should take place. Training with specialists is one of the most readily used methods to spread knowledge about how to change.

We may distinguish between two types of knowledge from a change management perspective:

– How to change, that is what to do during the transition

– How to perform effectively in the future state, that is knowledge on the ultimate skills and behaviors needed to support the change

Both of the knowledges can be trained, but documenting and developing training requirements should consider both of these aspects. However, knowledge is only effective when the individual already has awareness and desire. Employees often complain about training programs where they were not sure why they were there in the first place. Without awareness and desire, we cannot create the knowledge that is necessary for a successful change.

To build knowledge about how to change and how to develop new, sustainable behaviors, employees should have the following:

– Training and education

– Experience

– Access to information

[1] Source: www.prosci.com.

– Mentoring

– Job aides

– One-on-one coaching

– User groups and forums

– Troubleshooting guidance

Managers and leaders should simultaneously watch out for the following challenging and factors of resistance when it comes to the dissemination of knowledge:

– There might be a gap between current knowledge levels and desired knowledge levels

– There might be insufficient time or conflicting demands for disseminating knowledge

– Inadequate resources available for training

– Lack of access to the necessary information

– Capacity to learn

Without a holistic model for individual change, organizations can fall into the trap of simply sending employees to training when a change is being introduced. This rarely drives successful change and can often have negative and lasting impacts on the employees that must bring a change to life in their day-to-day work. Training is critical, but it must occur in the context of all five milestones of individual change.

13.3.2. ABILITY TO IMPLEMENT DESIRED SKILLS AND BEHAVIORS

Once employees are aware of the need to change, desire to change and know how to change, they also need the ability to implement desired skills and behaviors. Again, this is a learned asset, and it is teachable. Ability is defined by an individual demonstrating the required changes.

It must be noted however that there is a difference between knowledge and ability. While they can seem similar, there can be a very large gap between the two. While someone can gain the knowledge about a new skill (the tools needed, the process, the proper technique), it may take much longer for this knowledge to translate into ability in terms of performance.

There is often a large gap between knowledge and ability. Company leaders desiring change must ensure that in addition to training to impart knowledge, employees are given sufficient tools for building their own ability. This includes hands-on practice, support from coaches and the availability to network and work with others who have made the change successfully.

The following factors may help individuals successfully **build ability**:

– Practice

– Time

– Coaching or role-modeling behavior

– Access to right tools

– Feedback

– Direct involvement of coaches

– Access to subject matter experts

– Performance monitoring

– Hands-on practice during training

– Availability of expert resources to help employees

While deploying these tactics, employers should also do their best to eliminate challenging and resisting factors, which may be the following:

– Inadequate time available to develop skills

– Lack of support

– Existing habits contrary to the desired behavior

– Psychological blocks

– Limitations in physical abilities

– Individual capabilities (personal limitations)

By understanding the difference between knowledge and ability, leaders can help employees not only learn new behaviors and skills required by a change, but make sure they can put that knowledge into practice. This ultimately allows true change to be realized at both the individual and organizational level.

13.3.3. Reinforcement to Sustain the Change

It is a natural tendency to go back to old habits and to what we know. There is research emerging about how the brain functions that suggests it is not just a natural tendency but a physio-logical tendency. While making a change is difficult, sustaining a change can be even more difficult. Reinforcement is such a critical component of successful change. It encompasses the mech-anisms and approaches so that the new way stays in place.

One key factor to establishing good habits and keeping them is taking the time for reinforcement. One of the reasons why this can be difficult is that once a change is finished, we are often already moving on to the next change. Acknowledge this fact, and the tendency to simply "move on" once a change goes live, and build the necessary mechanisms to reinforce a change.

It takes real effort and time to make sure a change stays in place. Given the scarce resources and change saturation that many organizations face, reinforcement efforts can often fall short. As the final building block of successful change, the focus on reinforcement needs to remain strong so that changes are sustained and deliver the expected results over time. You only know if a change was successful if you take a step back afterward and see if employees are actually doing their jobs differently.

Successful reinforcement *may require the following tactics:*

– Celebrations

– Rewards and recognition

– Feedback

– Corrective actions

– Visible performance measurement

– Accountability mechanisms

– Publicly visible performance scoreboards that positively show compliance to a new process

– Feedback from supervisors directly to employees, including saying "Thank you"

– Visible recognition by senior level sponsors

– Project-sponsored celebrations for employees

– Compensation and appraisal systems designed to support the change

Reinforcement may be hampered if we do not cope with the following challenges:

    – Rewards not meaningful or not associated with achievement

    – Absence of reinforcement for accomplishments

    – Negative consequences including peer pressure for desired behavior

    – Incentives that directly oppose the change

Most organizations make a significant investment in helping people build the awareness, desire, knowledge, and ability to make a change successfully. But without understanding and pro-actively planning to reinforce a change after it has happened, they run the risk of that investment being wasted and the expected results from the change not fully being realized.