

# The role of change management in sustainable operation of organizations

**Peter Kartyas**

Óbuda University, Doctoral School on Safety and Security Sciences,  
kartyas.peter@bgk.uni-obuda.hu

*Abstract: The biggest challenge companies nowadays face is the management of change, which can be sustainably handled through continuous improvement of the organization's capabilities for learning. It is inevitable for all organizations to find their way for coping the difficulties concerning the rapidly changing world. If they are able to properly manage the most important resource, which I believe to be not simply the human resource, but much rather the knowledge and knowing which manifest in their employees, the knowledge workers, they can achieve such a high level of adaption, where they can proactively react to most changes of their environment. For this continuous learning has to be implemented as an everyday method and behaviour amongst the employees. To achieve a sustainable level of continuous improvement, a firm basis for workers commitment and satisfaction must be guaranteed.*

*Keywords: change management, knowledge management, organizational development, sustainability*

## 1. Change and its management

In our era one of the most exciting questions is, how can for profit and other organizations maintain their operation in a sustainable way. The topic of sustainability can be investigated from many aspects, but it is trivial in all cases, that its necessity is backed up by the fact, that these organizations don't operate in a static or slowly changing environment any longer, but in a dynamic and radically accelerated world, where the results of yesterday can't guarantee even the operation of tomorrow.

The life of organizations are determined by a much bigger number and complexity of factors than even 10 years ago. The constant change of the outer environment and the inner features created a power field, which forces organizations to handle changes in a proactive way, and to respond adaptively. It is a cliché, that if a corporation is unable to adapt to changes, it won't be able to maintain its operation

on the long term. The new situation is, that this long-term is getting shorter and shorter, and it is true concerning any organizations, that these rapid changes can make operation impossible even in the short term, if the management is unable or unwilling to deal with it properly.

According to the opinion of Pieters and Young [1], 'The pace of change is faster than organizations ever had to face, and it is getting even faster.' Not to mention the fact, that most employees can easily agree that 'the only thing we can be sure of is continuous change'. The authors consider it another problem, that the present structural form of organizations won't be able to react properly for changes of such pace, which are expected in near future. Cascio and Aguinis [2] think, that instead of the forms of hierarchy of the 20th century, the structural forms of the 21st century will be like a 'flat, complexly weaved net', which connects different persons. It would also be worth a thought to compare this to Handy's shamrock model [3].

If we take a look at the outer environment of organizations, we can see, how many factors and agents influence their operation. Most of these factors can't be sharply separated from the inner structure, because it is strictly connected to it in many places, and even the terms of outer and inner can't be easily separated in case of an organization [4]. Even though, if we try to list these, it is obvious, that the innovation of technology, the expectations of society, the political interests and the even stricter legislation, the increasing number of regulatory authorities, and the ever changing processes of markets all enlighten, that organizations must deal with the management of these changes on a systemic level, and not in a way, when these changes are isolated from each other.

So the management of changes deals with analysis and mapping of factors on a systemic level, and aims to give proper answers for them. In the literature of change management the term of change and making a change is never defined, only the difference between these is given.

Two basic types of change can be separated. The primary or morphostatic change concerns to the change of way of working of a system (settings, mode), while the structure (morphology) of the system stays unchanged (static). Secondary or morphogenetic change on the other hand, changes the structure of the system, so a new, different morphology of the system is established. Change management deals with secondary changes [5]. The system to be changed can vary in many ways: the form of incorporation, the business strategy and mission, type of organizational culture, the range of products and services provided, the technology applied in manufacturing, the manufacturing system itself, the system of quality assurance, the IT system, the HR policy, etc.

In our present era, using the term F-Era by Baracskaï – where 'F' stands for both freedom and flexibility – the most important characteristic of a successful organization, that it is capable for rapidly reacting to changes, so as operating flexibly is highly emphasized [6].

The term 'F-Era' refers to many aspects of our present. On the one hand, based on the alphabetical order, it implies that in time we are after the E-Era, the e-tools and e-solutions are no longer essentials, nor e-mail, e-commerce and e-learning are the most important keywords. On the other hand, 'F' stands for free, as in freedom [7]. Freedom is of crucial importance in many fields of our lives, just like free flow of capital, goods, workforce and knowledge. In the F-Era both learning and knowledge are available for everyone who has an Internet connection, and aims to obtain or share new knowledge. The knowledge obtained this way will necessarily be shallow, so it is the person's responsibility who longs for knowledge to check the validity of it, and also to contextualize it properly [8].

## **2. Key to sustainability: the life long learner organization**

The basis of organization's capability for reacting quickly and sufficiently is given by the management of the most important resource by now. An organization is able to operate efficiently, if it continuously improves its capability for learning, never stops on this path, and searches and finds new challenges, and brings actions for these. From the aspect of safe operation of organizations the human resource which is able to apply its knowledge according to the context is of crucial importance, because in the F-Era knowledge itself has become the most valuable resource. It's reasonable to admit, that unlike traditional resources like capital, knowledge isn't scarce, but on the contrary, an abundance of it appears, even if it is shallow.

An organization which believes in continuous improvement and knowledge management, which is built up of constantly evolving, learning employees – knowledge workers – will be able to subsist, because through providing knowledge, new ideas, and continuous innovation it can achieve sustainability.

An organization is capable of handling the radical changes of its environment only, if it develops its ability to adapt, and furthermore, can come before changes, and influence its environment itself. That's the reason why organizations try to establish and operate educational institutions on their own, because this way they can provide themselves competent workforce for their safe operation.

The other of way of adaption, which focuses on the development of existing human resource, is an inner department of the organization, which concentrates on supporting change management. This usually means a team of experts contracted for one project. Even though these project teams are established for a given period of time, and to achieve an increase in performance by implementing a program of organizational development, due to their operation, the methods and tools of

change management are often associated with them. The concerning development programs can vary in many ways, but it is true in general, that their purpose is to develop the learning abilities of the organization by training leaders and colleagues.

### **3. Organizational development for sustainable change management**

Speaking of organizational development I use the classical definition of Beckhard [9]. Organization Development is an effort that is planned, organization-wide, managed from the top, increases organization effectiveness and health, through planned interventions in the organization's processes, using behavioral-science knowledge.

If a project as such mentioned above aims to achieve its goals it has to face many risks. It is well known, that big companies of the world try to react to the changes of their environment by establishing such projects, but yet approximately two thirds of these fail. Over more than a decade by investigating more than a thousand organizations, the change management experts of Boston Consulting Group found, that two out of three initiations for change fail [10]. The great number and frequency of failures inspires me to thoroughly deal with the risks of managing change.

The question is, why will the two thirds of these attempts for change end in failure? According to the researcher firm ProSci, by examining 254 organizations, the reason for these failures are mostly the initiators of the change themselves [11].

In change management there are three types of theoretical mistakes [12]. The first is when the management tries to find solutions by denying the problem itself being a problem, while they clearly see, that there is something wrong, but they simply don't act at all. The next type of mistakes is when they try to change a situation which can't be changed at all, or the problem doesn't even exist, so they apply change management in a situation where it can't be the solution. The third type derives from wrong understanding of the problem and the type of change necessary: they try primary change instead of secondary, or the same in the other way round.

Examining the difficulties of practice could also be interesting for a better understanding [13]. This is based on the fact, that organizations often can't handle complexity on the proper level, and determine only foggy purposes. If we would like to develop the organization's ability to react to change by enhancing its capabilities for learning, a multi-dimensional thinking is necessary.

There are many projects that fail due to unclear purpose and oversimplified focus, just like when they concentrate solely on the financial results only, which are harder to achieve in a changed environment. This purpose in itself won't be able to achieve a sustainable change, and can bring results on the short term only. A typical example of it is, when cost reduction is important only, forgetting about the opportunities of expansion and the search for alternative income sources. In this case the dramatic decrease of employees' satisfaction appears as a collateral damage, just like the failure of colleagues' moral, which affects sustainable operation in an adverse way.

Another frequent mistake is, when the project focuses solely on the development of leaders. In this case the leaders participate at many trainings, individual and group coaching programs. This often can be useful, but usually after this intense training period the leaders won't be able to perform on the expected level in their original working environment. This derives from two reasons. The first is, that they can perform well in a safe training environment, but they are unable to apply the new knowledge, capabilities and methods in the old, familiar environment, so the re-conceptualization of the new knowledge can't happen. The other reason is strictly attached to this one, because when the leader finds himself in the environment where nothing has changed at all, then there won't be an appropriate medium for the application of new methods and tools.

As I see it, a development program as such can be fruitful only, if in the first round it focuses on the training of leaders, but after it doesn't stop, but pays attention to the informing and training of employees as well, considering the level of employees' satisfaction and commitment for change. If the aim of development of leaders is more complex than to conform to the (financial) expectations of the owners, so the satisfaction of the employees is to be increased too, then the knowledge increase can be sustainable on all levels of the organization. If we imagine the continuous development of the knowledge workers of the organization as described above, it's easy to see, that the satisfaction of the clients of the organization will increase too. Based on this change, the owners can rightly expect the financial results to improve.

### **Conclusions**

The F-Era requires new ways of thinking about change. We must realize, that change is more faster than ever, and influences the operation of organizations at all levels. If an organization wants to maintain its operation in a sustainable way, it must focus on the management of change. Nowadays change management is strictly attached to both knowledge management and organizational development. Knowledge and much rather knowing has become the most important resource, so organizations have to deal with it, which is often handled by implementing projects for complex organization development [14]. These projects on the other hand face many risks, so should have a clear purpose and a complex approach of change management to be successful. If an organization is able to continuously

improve its capabilities for learning, it has good chances to cope with today's challenges. After all, there are still many questions to be answered concerning the appropriate way of managing changes in the F-Era.

#### Referencies

- [1] Pieters, G. R., Young, D. W. (2000). *The Ever-Changing Organization*. St. Lucie Press, Boca Raton, Florida
- [2] Cascio, W. F., Aguinis, H. (2008). Staffing Twenty-first-century Organizations. *The Academy of Management Annals*, 2 (1) 133-165
- [3] Handy, C. (1989). *The Age of Unreason*. Business Books Ltd.
- [4] Baracskai, Z., Velencei, J. (2004). *Követő nélkül nincs vezető*. Budapest: Myrror Media
- [5] Mink, O. G., Esterhuysen, P. W., Mink, B. P., Owen, K. Q. (1993). *Change at Work*. Jossey-Bass, San Francisco, California.
- [6] Baracskai, Z., Dörfler, V., Szendrey, J., Velencei, J. (2014). What is the Difference? There was Always Lifelong Learning. *International Scientific Journal of Management Information Systems*, 9 (2), 03-09.
- [7] Anderson, C. (2009). *Free: The Future of a Radical Price*. New York, NY: Hyperion
- [8] Carr, N. (2010). *The Shallows: What the Internet Is Doing to Our Brains*. New York, NY: W. W. Norton & Company
- [9] Beckhard, R. (1969). *Organization development: Strategies and models*. Reading, MA: Addison-Wesley.
- [10] Sirkin, H. L., Keenan, P., Jackson, A. (2006). A változásmenedzsment kemény oldala. *Harvard Business Manager*, 8 (3) 36-47
- [11] ProSci (1999): *Best Practices Report in Change Management*. Change Management Learning Center, USA, <http://www.change-management.com>. Idézi: Farkas F.: *Változásmenedzsment*. KJKKerszöv, Budapest, 2004
- [12] Watzlawick, P., Weakland, J. H., Fisch, R. (1990). *Változás. Gondolat*, Budapest
- [13] Kotter, J. P. (2008). *A Sense of Urgency*. Boston, Massachusetts. Harvard Business Press.
- [14] Szoboszlai, V., Velencei J., Baracskai, Z. (2014). Post-Experiential Education: from Knowledge to 'Knowing'. *Acta Polytechnica Hungarica*, 11 (10) pp. 235-247.