Abstract

The research derives a change management model for SMEs and large businesses within the Maltese context to build and refine on the current change management literature, with its models and best practices, based on a qualitative multiple case study approach. The research has the following list of objectives, so as to establish: the strategic management of change within the overall business strategic management approach; the need and the drivers for change management; the context required to enable an effective and efficient change management approach; the barriers/resistance to change; the readiness to change to avoid failures and/or conflicts at all management levels; the role of technology as an enabler to change; a comprehensive change management model based on a process management approach to cater for the change and its lifecycle; and the key competitive capabilities. The research also includes a comprehensive but concise review of the literature related to change management key seminal and current innovative techniques and furthermore situates the emerged theory with its framework with the current key models within the literature, so as to derive the research significance and its contribution.

Keywords: Strategic change management, leadership, triple bottom-line sustainability, case study with grounded theory analysis.

Introduction

Change management, within various organisations, needs to break various barriers to remain in business, in both public, since they are expected to function as competitive businesses, and private sector. Such challenges may be as a result of the organisations’ strategic intent to become leading players within the competitive environment or else to produce state of the art or innovative products/services to compete with other...
similar or complementary products in the market. Further sources of challenges may be attributed to how management or leaders need to transform people to accept the needed changes so as to provide a seamless implementation approach between all management levels and staff themselves as a team, by eliminating any roots embedded within the resistance to change culture. Psychological challenges associated with coping and survival anxieties of the change, so as to accept both personal and organisational benefits, need to be addressed ongoingly. Finally, an organisation needs to adopt a high level of collaborative initiatives and dynamic capabilities, both within the organisation and across the supply chain (SC), based on commitment and trust to meet each other’s targets, in line with the 3BL approach, to achieve a win-win situation.

Various scholars advocate that change takes place through people (Kotter, 1996; Carnall, 2007; Miller, 2011; Hiatt, 2006; Hiatt & Creasey, 2012); and thus an effective leadership approach should focus on the needs of people throughout the whole process of change to get the commitment of all. Change is normally driven by top management but the current literature established that it consists of a balance between a planned and an emergent approach with the participation of different levels of management, including the bottom-line (Deming, 1986; Carson et al., 2007; Olivares et al., 2007; O’Reilly et al., 2010). Effective change management as a result needs the involvement of all relevant people so that the workforce has an informed mind-set from the very start. Such an approach to change will generate no surprises or conflicts, since all the new set-up is to be fit for purpose to the firm and meets all customers’ requirements. People need to be managed effectively to meet the standards and procedures required, but it is then up to the effective leadership approach, exercised by various people across all management levels, that creates the inspiration, commitment and innovation to all the processes of change, by facing all challenges with the right passion, loyalty, entrepreneurship and respect in unity.

Furthermore, the use of technology is an effective enabler of all the change, although some manual operations may still remain. Technology is pivotal in today’s competitive environment, through its digital transformational capabilities, since it is giving the enabling force of all processes, both in automation (e.g. smart manufacturing systems) and in information management and visibility (e.g. service and manufacturing sectors use data analytics and business intelligence such as IoT, Artificial Intelligence and ERP). Having the right technology not only gives real-time information to achieve all responsive actions, but also gives the possibility to be effective and efficient and also to take all the necessary informed decisions at any moment in time through the right involvement of all relevant management levels and business units. Such business-IT alignment is not only needed within the business but also across the supply chain (SC) through a streamlined approach, including the customers, so as to promote all the necessary collaborations and synergies inside and outside the business boundaries (Gunasekaran et al., 2008; Flynn et al., 2010), since the business performance is strong as its weakest link.
Change management is in-built within the strategic management approach (i.e. to compete, one needs to establish a strategy that is sensitive to the changes needed as planned or as they emerge from time to time. Hence change management provides the tools to put the new strategy into effect). Hence both concepts (i.e. strategy and change) need a level of creativity; innovation and adaptability (Soderholm, 1989; Mintzberg, 1994; Cetron & Davies, 2005), which shows that management discipline is not only a science but also an art (Watson, 1986).

Research question, research significance and literature gap

The research is informed by the following research question: What is the current change management holistic model, within SMEs and large firms, to promote competitive capabilities, through a 3BL sustainable perspective across the supply chain? The research significance is based on the contemporary challenge that businesses, within this turbulent and volatile market, need to change to survive and remain competitive (Mintzberg, 1979; Kanter, 1989; Peters & Waterman, 1982; Kotter, 1996; Beer & Nohria, 2000). Beer and Nohria (2000, p.1) further stated that “change remains difficult to pull off”, since “about 70% of all change initiatives fail”. Burnes and Jackson (2011, p.135) advocate that change is a challenging and a complex phenomenon to manage effectively, since the failure of change initiatives may be attributed due to various reasons other than poor planning or lack commitment, such as due to “clash of values between the organization and the approach to the type of change it has adopted”. The literature gap is based on the fact that there is no consensus on one common valid framework for organisational change (By, 2005; Rafferty et al., 2013).

Literature Review

The key seminal work on management and change management outlines that the functions of administration or management are classified into five elements: planning, organising, commanding, coordinating and controlling (Fayol, 1950). Taylor, way back in 1911, also believed that there is one best working method by which people should undertake their jobs to promote efficiency and achieve productivity (Fitzsimmons and Sullivan, 1982). Management is a process and needs to use the management by objectives approach (i.e. SMART objectives) to manage effectively (Ducker, 1974, 1986). Lewin (1946) considered change, from a sociological perspective of action research and organisational development, as a tool to understand the people behaviour through a three-step change process (i.e. unfreeze; move/implement and refreeze). Lewin’s further work focused on incremental change and failed to incorporate radical or transformational change (Dunphy and Stace, 1993; Miller and Friesen, 1984; Burnes, 2004).
Contemporary theories, such as Bate (1994), Johnson and Scholes (1999) and Kadar et al. (2014) advocated that change may be defined through its magnitude or scale as either incremental or transformational. Kanter et al. (1992) outlined that change is a process-driven activity. Communication and strong leadership are pivotal in preparing the organisation for change as it guides the organisation through turbulent phases (Handy, 1996; Cutler, 2005). Leadership is defined as a process where a person influences and directs others (i.e. followers) to achieve a common goal (Bennis, 2007; Northouse, 2007; Ardichvili & Manderscheid, 2008). The effective leadership approach needs to fit its leadership style to the situation, since change is not a one size fits all approach, but is contingent to the situation in hand, which needs to have the right leaders at all management levels to serve as role models and to inspire all people to adopt creative ideas and an entrepreneurial approach to change, referred as situational leadership (Fiedler, 1967; Lawrence & Lorsch, 1967; Thompson, 1967). The effective leadership needs to be engaged depending on the situation but the key approach of leadership style adopted by various scholars is the transformational leadership (Bass & Avolio, 2000; Wang & Zhu, 2011), since it inspires people and promotes a level of innovation and at the same time enables a learning organisation approach (Argyris, 1960; Senge, 1990). Other forms of leadership used, are the transactional leadership (Burns, 1978; Bass & Avolio 1994), which focuses on the performance-reward approach, and the action-centred leadership (Adair, 1979), which focuses on the leader’s action which is balanced between the task, the team and the individual. It cannot be excluded that an effective management approach is also needed, since procedures and standards has to be in place to promote unity of command of all staff with their responsibilities, based on a high level of synergies but still guided with common values for all to follow effectively and efficiently, but may still adopt a high level of flexibility with full ownership of all commitments, to meet the scheduled performance measures (Drucker, 1977; Crainer, 1998).

Nickols (2004, p. 1) defined “managing change” as both “the making of changes in a planned and managed or systematic fashion” and “the response to changes over which the organisation exercises little or no control”. Change cannot be always treated as a strategic planning approach with a set of planned events a priori of the project, since businesses needs to adapt to all situations as they emerge, which refers to a continuous and open-ended process of adaptation to change where the planned strategic approach takes a secondary role (Mintzberg, 1994; Burnes 1996a, 1996b, 2001).

The change management method has various key milestones to meet, independent whether it is a planned or emergent approach. Holt et al. (2007) advocate that the readiness for change is the degree to which employees are prepared for the change, which is also influenced by their beliefs that change is a need both for themselves and the organisation. Any approach to change also needs to manage the people’s coping cycle and learning/survival anxiety. In fact, they derived a ‘Change Readiness Framework’ for a business to address, based on;
self-efficacy, personal and organisational valence, senior leadership support, and discrepancy.

The McKinsey 7-S Model (Waterman et al. 1980) is a tool designed to manage change through a set of hard and soft elements. The strategy, structure, and systems as the hard elements and the more challenging soft elements are shared values, style, staff and skills. Furthermore, the process of change needs to involve and service effectively all stakeholders according to their position within the stakeholder matrix (Mitchell et al. 1997). Such a change management approach in the current challenging environment needs a shift from a mechanistic to an organic holistic organisational approach, where it needs the primary contribution of all staff, and also the secondary contribution of the business consultants, incubators programmes and all SC actors.

Kotter (1996) advocates that an effective change management approach needs an effective level of urgency; build the guiding coalition/team; right vision (i.e. strategy based on innovation); communicate the buy-in; empower actions; include short term wins (i.e. breakdown the change into milestones/phases); momentum (i.e. persistence); make change stick (i.e. internalise a new culture). Hiatt’s (2006) Prosci ADKAR model advocates that there is the need of a people centred implementation to change, through awareness, desire, knowledge, ability and reinforcement.

Furthermore, Carnall (2007) had also derived a comprehensive change management framework together with its effectiveness matrix. Kotnour et al. (1998, p.19) advocate that organisational alignment requires the business to align itself to both the internal operations and processes of the firm and also the external market requirements vis a vis its products/services.

Nowadays, the current management principles, which are deeply rooted within the managing change approach, refer to: leadership, managing culture, people management, lean management, business processes re-engineering/management, total-quality-management, six sigma, and excellence models. It is also required that change requires a dynamic approach to be sensitive to all emerging issues, based on adaptive capability, absorptive capability and innovative capabilities (Teece et al., 1997).

Change outcomes are needed to measure the change level of success. The key assessment tools used is the balanced scorecard, based on four criteria: financial, customer, internal business (process), and innovation and learning (Kaplan & Norton, 1992). Within the extant literature, outcomes of all businesses are also referred to have 3BL sustainable measures, which complement the balanced scorecard, by adding the environmental measure (Elkington, 2002; Manderson, 2006; Bojarski et al., 2009). Typical 3BL measures refer to the: social sustainability through a teamwork-based motivated workforce with less duplication; economical sustainability through cost efficiencies with less operating costs; and environmental sustainability through the use of green resources and to generate less waste and deploy the 3Rs in all processes.
In summary, from the current literature on change management, including the seminal works, one may advocate that all scholarly works are applicable with the contemporary literature and models except with the refinement of the Taylor’s approach, since most of the works nowadays, tend to shift from a productive approach to a more flexible and organic approach. From a change management perspective, Lewin’s model, with its limitations, triggered various other managing change frameworks. Kotter’s (1996) 8-stage linear model and Hiatt’s (2006) Prosci ADKAR model are to-date building and refining on more comprehensive and inclusive models of change, to guide both academics and practitioners, on how to deploy change methods and to treat change management as a complex strategy with various concepts with their properties and dimensions.

Research Methodology

The research strategy is based on a qualitative multiple case study using grounded theory analysis. The three case study approach was used to explore and delve deeply in these firms, located in both manufacturing and service sectors, through a set of interviews to gain rich data and establish in depth what is happening, using both primary and secondary data (Creswell, 1998). Each case, as the unit of analysis, is studied through a grounded theory analytic approach, using a constructivist philosophical stance, so as to interpret and construct the data, through the constant comparison method (Strauss & Corbin, 1998; Charmaz, 2006). This approach was used to establish the key themes, with their properties and dimensions, based on the coding paradigm, defined by input, process and output within a context (Strauss & Corbin, 1998; Suddaby, 2006; Easterby-Smith et al., 2008; Yin, 2009). The computer assisted qualitative analysis software was used to organise the emerged themes vis a vis the data.

The research technique is conversation with the participants to generate data that outlines the theory under the practitioners’ actions. The research design is sense-making by the on-going memos with constant comparison of the transcribed data, to derive the substantive theory.

Findings

The data show that all organisations had undertaken a transformational change in the last three years, which were mainly attributed either to the introduction of new technology, as an information management tool (e.g. ERP) within the service/manufacturing sector or as an automation investment to serve as a process improvement and optimisation within the manufacturing sector. It was also referred that incremental changes were the norm of the day. All participants agreed that the
success of change needed: a sense of urgency; a teamwork approach; a strategic management which varied between both a planned and emergent continuum; to meet all stakeholders’ requirements, such as through communication and training of all involved staff to cope with acceptance of change and to minimise resistance to change; a level of appreciation and recognition to all stakeholders for the commitment and efforts; and to build the new culture as the result of the change. The research originality was extracted from the referred quotes:

‘We do not inform staff except in the last minute when we cannot do otherwise, to ensure that the newly engaged staff do not leave the business from day one’ (Firm X); ‘… people are informed well in advance before the change’ (Firm W); ‘we never fire employees after the change, just deploy them in another section’ (Firm Y); and ‘we had to change and downsize to remain competitive and fire people….., although we assist them in finding another job’ (Firm X).

Discussion: Comparison of the emerged theory within the literature

The data shows that the change management is a strategic approach and that it incorporates all management levels from the top to the bottom line, independent if it is an incremental or transformational type of change. Change mainly originates through a planned approach, but in view that businesses are situated within this turbulent competitive environment, need to adapt to the external or internal business requirements, by deploying an emergent strategic approach to remain in business. The involvement of all relevant people remains pivotal to an effective change management approach. Change management is a process, with various phases to follow, so that all stakeholders are involved according to each phase. Such a process approach creates a streamlined and effective and efficient approach to change, with no surprises and with minimal conflicts and resistance to change. Such a process management approach needs an effective leadership style to adapt to the business culture and above all to inspire all people with a high level of commitment and entrepreneurship. The change outcomes need to employ a performance measurement mentality, based on multiple criteria, such as the 3BL, since such a change to be effective and efficient needs to adopt a broad level of sustainable measures to compare its performance with its sector benchmarks. Table 1 shows the emerged holistic change management model, which fits very well with the current established models within the literature and those used by practitioners.
<table>
<thead>
<tr>
<th>Change Elements</th>
<th>Description of change elements</th>
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<tbody>
<tr>
<td>Drivers of change</td>
<td>Competitive environment; downsizing; new technology; information visibility improvements in the service/ manufacturing sector; optimisation of processes within manufacturing sector.</td>
</tr>
<tr>
<td>Strategic management approach</td>
<td>Emergent to a planned strategic change management continuum.</td>
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<tr>
<td>Change management phases</td>
<td>Preparatory measures to the change [planning]; actions to achieve the change [execution]; change close-out review [change completion]).</td>
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<tr>
<td>Change management actions</td>
<td>Communication/learning; good governance through effective leadership approach, such as transformational, transactional, action-centred and situational leadership styles, and effective management approach based on quality based procedures, value-added operations, decentralised approach, and standards compliance; teamwork, commitment, and empowerment (to build on readiness to change, achieve targets effectively, and overcome resistance to change); monitor and review all change processes; performance management (reward system); building close relationships between all staff; employing an entrepreneurial and an innovative approach to work; alignment of all operations to the new process at all management levels; sustainable change practises within the process based on the 3BL approach: financial; social; and environmental 3Rs measures.</td>
</tr>
<tr>
<td>Change management Outcomes</td>
<td>Balanced Scorecard (performance measures based on financial, customer, internal business (process), and innovation and learning) and Effectiveness matrix (efficient and effective best practices) and 3BL (economic, social and environmental 3Rs aspect).</td>
</tr>
<tr>
<td>Change management context</td>
<td>Readiness to change (coping cycle, anxieties, acceptance of change); cultural values; internal staff and external SC actors level of collaboration, knowledge sharing, and trust; resistance to change; conflicts between different management levels; motivation of staff; small economies of scale; funds/grants provisions for investment.</td>
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Table 1: Holistic change management model (Author)
Conclusion

The change management strategy is based on a planned to an emergent continuum and with a process that needs to apply entrepreneurship, creativity and innovation within its leadership style, both within the business and outside with all SC actors, as derived in the holistic change management model, as referred in Table 1.

The research contribution builds on three main themes. Firstly, within the change readiness theme, it was identified from the data, that its dimensional property outlines that there exists a continuum that people are ideally informed to be prepared and accept the change a priori, but there exists situations where people need to be left in the dark without being informed, since the business cannot operate without its current workforce. Such an approach refers that change sometimes leads to downsizing and firing of employees for the firm to retain its competitiveness. If such people to be fired are made aware before the change is launched, they would find an alternative employment from day one they are aware, leaving negative repercussions on the firm, since the firm cannot operate without these people. Secondly, within the teamwork theme, since its dimensional property outlines that there exists a continuum between the nature of the teamwork relationship of staff at different management levels. Ideally people at all management levels adopt synergies and trust to build a strong relationship, but there are instances when new recruits are engaged as seniors to existing staff, the latter create friction and conflicts and make their new peers life difficult due to lack of acceptance, since they are considered as naïve and less competent, although they are assigned to a higher post. Thirdly, from the literature, the change management outcome element already includes several measures of assessment, such as those referred by the Balanced Scorecard among others, though a business needs to include also the environmental aspect in its performance, as referred in the 3 BL theme within the extant literature, which as a result is lacking within the change management literature, in particular within both the change management process and measures of outcomes.

Research Limitations

The findings derived from the data cannot be generalized to the whole population of the industry due to the limited cases under study, but further research may be undertaken to validate such findings on a larger representative sample. For ethical reasons no data was referred to the cases under study, since if such skeleton data were to be included, one may easily disclose the organisation, due to the unique product/service being produced/offered.
Recommendation for future research

A quantitative research approach shall be undertaken to establish and refine the ‘change readiness’ and the ‘teamwork’ themes properties and dimensions, together with the derived holistic change management model to change, as referred in Table 1, so as to build on the change management literature together with its models. Furthermore, more comprehensive literature reviews shall be undertaken so as to establish whether the ‘change management outcome’ vis a vis its environmental aspect is being included in the change management strategy, process and outcomes, to promote green sustainability within change management.

References


Burnes, B. (1996b). ‘No such thing as ... a “one best way” to manage organizational change’. Management Decision, 34(10), 11-18.


**Bio-note**

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