

## Organizational Change and Leadership

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**Abstract:** Organizational change is a constant element that affects all organizations. In terms of the rate of occurrence, change can be divided into continuous incremental change and discontinuous transformational change. When characterized by how change comes about, it encompasses planned, emergent and contingency change. Different approach to change management is equally valid but the most appropriate approach is determined by the organization's individual specific environment as no change is the same due to its unique context. Change is not only a process of transition from one state to another; it indicates direction with the purpose to increase organization efficiency and effectiveness. Hence, it is closely related to organizational strategy. Specifically, the ability of responding to change needs to be a core competence for organization or it may not survive. In relation to this, leadership plays a critical role in organizational change. Leadership is inexorably linked to the management of change. The wisdom to recognize the need for change and the ability to lead change are two main roles of any effective leader. Viewing leadership in a change context, leadership development not only can be understood more comprehensively, most important, it can be fine-tuned for greater potential contribution to any organizational change.

**Key words:** Organizational change • Continuous incremental change • Discontinuous transformational change • Planned change • Emergent change • Contingency change • Management of change

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### INTRODUCTION

Change is an ever-present feature and has become a constant in organizational life. It is a common thread that runs through all organizations regardless of industry, location, size and age. Moreover, in light of globalization and the constant innovation of technology as well as the revolution of information, organizations face rapid change like never before. To date, managing and changing organizations appear to be getting more rather than less difficult and more rather less important [1].

There are a variety of different definitions and views on organizational change. According to Cummings and Huse [2], organizational change is a state of transition between the current state and a future one, towards which the organization is directed. This idea shares by Veldsman [3] where organizational change is defined as "the difference in the state of an organization at two separate locations in time or in space". In other

words, the change process encompasses the conversion of the "what is" state into the "what should" state. Chonko [4] offers additional insights that organizational change is concerned with breaking down existing structures and creating new ones. Chonko's [4] view is in line with Valle's [5] view as the later refers organizational change as a process of identification and implementation of new organizational routines and practices.

For George and Jones [6], organizational change is not only the movement of an organization from the existing plateau toward a desired future state but with the purpose to raise organizational productivity and efficiency. In light of this, organizational change cannot be separated from organizational strategy, or vice versa [7]. Along the same thoughts, Gillis [8] not only defined change in terms of its underlying drivers toward a new end state, but warned that if organizations do not respond by changing, they may not survive.

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In brief it can be summarized that most researchers viewed organizational change as: i) an ever-present element that affects all organizations; ii) a process of transition from one state to another; iii) about movement, indicating direction; iv) the purpose of change is to increase organization efficiency and effectiveness; v) change closely related to organizational strategy; and vi) the ability of responding to change needs to be a core competence for organization or it may not survive.

### **Patterns of Change**

#### **Change Characterized by the Rate of Occurrence:**

There are two main categories of change which characterized by a) the rate of occurrence; and b) how it comes about. According to Hayes [1], the rate of change, as an industry evolves, is not constant. Some changes happen quickly, over relatively short periods of times, whereas others gradually evolve. Indeed, the tempo of change provides useful basis for understanding the nature of change and the implication of different types of change for change management practice. However, in reviewing the change literature, it is not surprising that different authors employ different terminology although describing the same type of change categorized by the rate of occurrence.

There is quite an array of studies that substantiate continuous change refers to small adjustments, created simultaneously across units, aims at hampering inefficiency and maintaining adequacy, which ultimately create cumulative and substantial change [9, 10, 7, 11-13]. At the same point, Hayes [1] indicated that this type of organizational change involves the continuous updating of work processes and usually characterized by guided direction and aspiration toward long term goals. Addressing this point, it is of vital importance to organizations that a) the ability to change continuously in a fundamental manner to keep up with the fast-moving pace of change [7]; b) people are able to undergo continuous change [7, 14].

Meanwhile, incremental change builds on what has already been accomplished and has the flavor of continuous improvement [7, 1, 15]. From a practical viewpoint, it seeks to reinforce or converge current practices, processes, culture, paradigms, etc. Simply put, the focus for change is 'doing things better' through a process of continuous tinkering, adaptation and modification [1]. These changes are implemented slowly and gradually over time and usually involve employee participation and involvement in the planning, directing, implementing and evaluation of improvement activities

[17, 18]. Advocates of incremental change argue this approach can be cumulative and, over time, can fundamentally transforming the deep structures of an organization [1].

Based on the definitions given, it has been argued that incremental change is same as continuous change. For example, Luecke [19] once suggested combining incremental and continuous change when in attempting to simplify the categories of change. However, to Burnes [7], continuous change basically is different from incremental change. According to Burnes [7], continuous change refers to departmental, operational, ongoing changes, while incremental change related to organization-wide strategies and the ability to constantly adapt these to the demands of external and internal environment.

On the other hand, Senior [20] and Grundy [21], even divide incremental change itself into smooth and bumpy incremental change. Smooth incremental change refers to change that evolves slowly in a systematic and predictable way at a constant rate while bumpy incremental change is characterized by periods of relatively tranquil organizational environments which now and then are punctuated by acceleration or deceleration [21]. Draw on the work of Senior [20] and Grundy [21], bumpy continuous change is suggested as an additional category by By [11]. The assumption was that just as there will be periods of relative serenity punctuated by acceleration in the pace of change when it comes to operational changes, the same can arguably be the case for organization-wide strategies.

Comparatively, in sharp contrast to continuous and incremental change, organization can engage in another major type of change namely, discontinuous change. It was marked by rapid shifts in strategy, structure or culture, or in all three by Grundy [21]. Luecke [19] shares similar views with Grundy [21] that discontinuous change is onetime events which take place through large, widely separated initiatives and are followed up by long period of consolidation and stillness. Luecke [19] in fact describes discontinuous change as 'single, abrupt shift from the past'. Similarly, Hallgrimsson [22] viewed this type of change as "organization-wide and characterized by radical shifts, not only in structure but in strategy and vision purpose". Along the same thoughts, Senior [20] offers additional insights that this type of change can be triggered by major internal problems or substantial external shock.

Besides, another important terminology of change which was used by researchers was radical change. According to Nilakant and Ramanarayan [[15], it refers to

large, discontinuous changes implemented rapidly over shorter time frame. Kofoed *et al.* [18] stated that it encompasses major, fundamental shifts of organization system, products, culture and paradigms. Additionally, these changes are disruptive in nature and are targeted towards reorientation of the organization in short, sudden and planned bursts of activity. To Hayes [1], it involves “a break with the past, a step function change rather an extrapolation of past patterns of change and development”. Likewise, Pettigrew *et al.* [12] viewed it as infrequent, discontinuous and intentional organizational change.

From the theoretical viewpoint, the core argument about discontinuous change is the same, but different authors employ different terminology. While Nilakant and Ramanarayan [15] and Kofoed *et al.* [18] termed it as ‘radical change’, other authors do not. Most authors, for examples, Tichy and Devanna [23], Dunphy and Stace [16], Burke and Litwin [24] and Kotter [25] termed it as ‘transformational change’. Moreover, Gersick [26] and Weick and Quinn [13] used the term ‘revolutionary change’, whereas Pettigrew *et al.* [12] viewed it as ‘episodic change’.

Based on the definition for the amount of change mentioned above, obviously, it can be summarized that change can be broadly divided into two main categories: the continuous incremental change and discontinuous transformational change. These match with Burnes [27] and Bate’s [28] arguments that almost all authors on organizational change viewed it as “running along a continuum from incremental [continuous] to transformational [radical]. Hayes [1] emphasized that the majority of organizations, if they survive long enough, experience episodes of discontinuous transformational as well as continuous incremental change. Burnes [27]

argued that all these present in organizational life but none appear dominant. This echoes Matthews’s [29] view that these various perspectives on change may be shadow images of each other, none of which by themselves capable of portraying the whole. Terminology of change characterized by the rate of occurrence was summarized in Table 1.

**Change Characterized by How it Comes about:** On the other hand, when characterized by how change comes about, the literature is dominated by planned, emergent and contingency change. The planned approach to change was initiated in 1946 by Lewin who had developed the highly influential three-phase models of planned change that underpins many of the change management models and techniques today [30, 7]. It is a model which proposes that change is planned, implemented and managed in the context of interventions with predictable outcomes [31, 32]. In order to make change to be permanent, the leader must dismantle the present, move from the present to the future and put in place the people and processes to ensure permanency [33]. Put simply, it recognizes the need to discard old behaviors, structures, processes and culture before successfully adopting new approaches [30].

In the 1960s and 1970s, planned change became the dominant approach to managing organizational change. Lewin [34] made few important observations in the course of his research: a) an organization exists in different states at different times and that planned movement can occur from one state to another; b) there are two opposing sets of forces within any social system: the driving forces that promote change and the resisting forces that maintain the status quo; removing or mitigating resisting forces can often be more effective instead of increasing driving

Table 1: Terminology of Change Characterized by the Rate of Occurrence from 1980s

Type of Change	Tichy & Devanna (1986)	Dunphy & Stace (1988)	Gersick (1991)	Burke & Litwin (1992)	Grundy (1993)	Brown & Eisenhardt (1997)	Weick & Quinn (1999)	Kotter (1999)	Pettigrew <i>et al.</i> (2001)	Kofoed <i>et al.</i> (2002)	Senior (2002)	Luecke (2003)	Burnes (2004)	Balogun & Hailey (2004)	By (2005)	Nilakant & Ramnarayan (2006)	Hallgrims-son (2008)	Hayes (2010)
1. Continuous																		
2. Incremental		•								•								•
3. Continuous Incremental																		
4. smooth Incremental												•						
5. Bumpy Incremental												•						
6. Bumpy Continuous																		
7. Discontinuous																		
8. Transformational	•	•		•				•										•
9. Revolutionary			•					•										
10. Radical										•								
11. Episodic									•									

forces for change; iii) change initiatives encountered strong resistance, even when there was common agreement on the goals of the initiatives; iv) any improvement in group or individual performance could be prone to regression unless active measures are taken to institutionalize the improved performance level.

Although the planned approach to change is long established and almost all of the varying approaches to organizational change have been developed along Lewin's basic, temporal logic of change process [35], it has come under increasing criticism since the early 1980s. Basically the core arguments were: i) the dynamic and uncertainty of the external environment which made the planned approach inappropriate as the unpredictable nature of change is affected by the interaction of multitude variables [36, 7, 37, 38]; ii) the emphasis of the planned approach is on small-scale and incremental change while it is suggested that organizational change is more an open-ended and continuous process than a set of pre-identified set of discrete and self-contained events [36, 7, 20] and therefore it is not applicable to rapid and transformational change.

In response to the criticism of planned approach to organizational change, from 1980s onwards the emergent approach started to gain popularity. This approach viewed change as a continuous process and should not be 'frozen' nor should it be viewed as a linear sequence of events within a given time period [39]. Adversely, change needs to be managed as an ongoing and dynamic process and not a single reaction to adverse contingent circumstance whereby its ultimate goal is at aligning an organization with its environment [37].

Further, advocates of the emergent approach argue that rapid and constant changes in the external environment require appropriate responses from organizations. Accordingly, this will force the organization to develop an understanding of their strategy, structure, systems, people and culture and how these can affect the change process [37, 38]. Thus, the emergent approach also a) viewed the process of change as a process of learning and not just a method of changing organizational structures and practices [40, 37]; b) rather seeing change to be top-down driven, the emergent approach tends to see change driven from the bottom up [36, 7].

However, while Burnes [36] emphasizes the emergent approach is suitable for all organizations, all situations and at all times if we believe that all organizations operate in dynamic and uncertain environments, it is argued that the planned and emergent approaches to change should

not be seen as the entire spectrum of change events. In contrast, there is a range of approaches to change or there is more than 'one best way' to do this as an organization is 'contingent' on the situational variables it faces and thus, organizations must adopt the most appropriate change management approach [16].

In light of this, early in 1960s, Burns and Stalker [41] established a contingent relationship between an organization and its environment and the need to adapt to that environment [39]. They observed that there is no 'one best way' to change. Drawing on the work of Burns and Stalker [41], the contingency approach has been taken by Dunphy and Stace [16] and an approach of contingency to change that supports a 'one best way for each' organization approach rather than a 'one best way for all' approach is therefore recommended. This approach is based on the theory that the structure and the performance of an organization are dependent on the situational variables that it faces and as no two organizations are alike, therefore organization's operations and structures are different from each other [16].

Based on the discussion above, in short, different approach to change management is equally valid due to different organizational circumstances. For example, an organization facing constant and significant environmental changes may find an emergent approach to change management more suitable than a planned approach [39]. Likewise, an organization may adopt contingency approach due to its unique situational variables it faces. Obviously, the most appropriate approach is always determined by the organization's individual specific environment as no change is the same due to its different and unique context.

To summarize, as it is not an exact science, there is no right or wrong theory to change management. Nevertheless, through the ongoing research and studies by the industry's leading experts and researchers, a clearer picture of what it takes to lead a change effort effectively will continue to emerge. According to Kritsonis [42], most importantly, the bottom line is, we must review continually and take into consideration of how our changing society and culture will require fresh insight on the appropriate change process.

**Leadership and Change:** Leadership plays a critical, if not the most critical role, in organization change. Although there has never been widespread agreement upon definition of "leadership" [43, 44], most definitions about leadership have a common theme of mobilizing and

directing others toward goal setting and goal achievement. As leadership is defined as setting a direction and developing the strategies necessary to move in that direction, that is, creating and achieving a vision, leadership thus is a process to do with change [25].

Arguing a similar point, Cairns [45] pointed out that as leaders challenge the *status quo* and hence, leadership is change focus. Elliott [46] stressed that without change no leadership had occurred. Addressing this point, Yukl [47] refers leading change is the fundamental role of a leader in any organization and everything else is secondary. In the same line and taking a more philosophical stand, Kerfoot [48] even claimed that leadership is the art and science of leading change effectively. Likewise, Kellerman and Webster [49] defined “leader” as one who creates or strives to create change, large or small. In turn, they considered leadership as a process – a dynamic process in which the leader(s) and followers interact in such a way as to generate change in the organization.

Unavoidably, this has led many to question the difference between ‘management’ and ‘leadership’. Also, central to most attempts to distinguish between management and leadership has been the issue of orientation to change. Tichy and Devanna [23] and Kotter [25] for example, argued that although both involve deciding what needs to be done, developing the capacity to do it and ensuring that it is done, however, management is concerned with order and consistency, leadership is concerned with change. This matched with what Bennis and Nanus [50] once said, ‘Management is doing things right; leadership is doing the right things’. Along the same thoughts, Kotter [25] summarized that management as ‘coping with complexity’ and leadership as ‘coping with change’. Zainal Ariffin Ahmad, Lilis Surienty Abdul Talib, Azura Abdullah Effendi and Siti Rohaida Mohamed Zainal [51] offered additional insights that management is about providing stability and smooth running of organization while leadership promotes growth and innovation. Thus, it is not surprising that, Zenger, Ulrich and Smallwood [52] concluded that “Ultimately, leadership is about change”.

In short, inducing change, getting others to change and upholding change are at the essence of leadership [32]. Simply, leadership is inexorably linked to the management of change [45, 48, 25, 32, 51]. Thus, leadership is not a static endeavor but an evolving construct which demands fluidity – it requires the wisdom to recognize the need for change and finally the ability to lead change [53].

## CONCLUSION

Organizational change is an ever-present element that affects all organizations regardless of industry, location, size and age. In terms of the rate of occurrence, change can be broadly divided into continuous incremental change and discontinuous transformational change. When characterized by how change comes about, it encompasses planned, emergent and contingency change. Different approach to change management is equally valid but the most appropriate approach is determined by the organization’s individual specific environment as no change is the same due to its unique context. Change is not only a process of transition from one state to another; it indicates direction with the purpose to increase organization efficiency and effectiveness. Hence, it is closely related to organizational strategy. Specifically, the ability of responding to change needs to be a core competence for organization or it may lead to failure or even not survive. In relation to this, leadership plays a critical role in organizational change. Leadership is inexorably linked to the management of change. The wisdom to recognize the need for change and the ability to lead change are two main roles of any effective leader. Viewing leadership in a change context, leadership development not only can be understood more comprehensively, most important, it can be fine-tuned for greater potential contribution to any organizational change.

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