Dimensions of change failure

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The overall picture of change effectiveness is rather gloomy. Andrew Pettigrew rightfully observed that “most change processes do not attract universal acclaim” (Pettigrew, 2000, p. 249). Efforts to implement organizational change have frequently been shown to fail (Edmonson & Woolley, 1999; Kotter, 1995).

A reflection on the effectiveness of change, is essentially a reflection on the (lack of) fit between the environment and the change process, between (mis)reading the situation and the choice of a change process. We will call the overall approach of the change process a ‘change strategy’. Our definition of change strategy follows Henry Mintzberg’s ‘pattern’ approach (Mintzberg, Ahlstrand, & Lampel, 1998). A strategy is a pattern in a stream of decisions, reflecting consistency of behaviour over time. In this analysis, it is not relevant whether this pattern and the underlying choice is deliberate or not, conscious or not, pre-planned or not. Our use of the word change strategy differs slightly from other approaches in the change management literature, where the word change ‘strategy’ is often used in the sense of change ‘tactic’, the sequence of different concrete steps one has to take to be successful, very often in the context of overcoming resistance.

We describe the change environment in terms of two general dimensions: power distance and uncertainty. Similar dimensions can be found in management and organization theory (Mintzberg, 1979, 1983; Quinn, 1988), the study of intercultural differences (Hofstede, 1991), and the study of corporate culture (Handy, 1978; Harrison, 1972).

We will consider a continuum between high power distance (with relatively little freedom) and low power distance (with relatively great freedom).

**Power distance**

A situation of high power distance demands a leadership approach. Leadership can be defined as “a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational goals” (Kreitner, Kinicki, & Buelens, 1999, p. 472). Leadership is the influential increment over compliance with the routine directives of the organization (Katz & Kahn, 1978).

A situation of low power distance demands a negotiation approach. A negotiation is a decision-making process among interdependent parties who do not share identical preferences (Neale & Bazerman, 1992,
Negotiation has received surprisingly little attention in the change management literature. Negotiation is often perceived as a method for dealing with resistance to change, along with education, participation, facilitation, manipulation and coercion (Kotter & Schlesinger, 1979). Negotiation is identified as a lawyerlike transaction, where resistors are offered incentives. Hence, negotiation is often reduced to ‘bargaining’ (Sergeev, 1991), with a give and take exchange to resolve conflicting interests. However, a negotiation process is much more fundamental and encompasses all joint communication and decision processes to resolve divergence of interest and to reach a mutually satisfactory outcome (Lax & Sebenius, 1986; Pruitt & Carnevale, 1993; Putnam & Roloff, 1992).

**Uncertainty**

Another extended body of literature relates change management to uncertainty (Galbraith, 1973; Lawrence & Lorsch, 1969; London, 1987; Nutt, 1986). The change process is then conceived as problem finding and problem solving (Schein, 1988). Therefore, our second dimension consists of high uncertainty versus low uncertainty, of information registration versus action planning. A situation of high uncertainty can generally be described as a situation of not having enough information, or lacking the framework for interpreting the available information (ambiguity), having several competing or contradictory frameworks (equivocality) or having to process more information than one can manage or understand (complexity) (Zack, 1999). It requires an extensive scanning of the situation, an intensive process of information registration and framework testing, and a vigilant search process (Janis & Mann, 1977). When enough relevant information and frameworks are known and tested (a situation of low uncertainty), one has to concentrate on the ‘next step’; namely, action.

A situation of high uncertainty demands a ‘vigilant search for relevant information’ (Hammond, Keeney, & Raiffa, 1999; Janis & Mann, 1977). Such a situation demands an information registration approach. Information registration is the first phase of rational decision-making. A situation of low uncertainty demands action-planning and quick decisions; it demands information reduction. The classic command-and-control management, the emphasis is on coordination, the ‘decisive decision maker’ or management by objectives will all be more or less effective (depending on the acceptable power distance) in a low uncertainty environment. Situations of low uncertainty require more ‘management’ than ‘leadership’. In those circumstances, a new job description or an improved procedure will guarantee more than ‘a shared vision’. 
Table 1: Change strategies and their relevant environment

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<tr>
<th>Leadership</th>
<th>Traditional environment</th>
<th>High pressure environment</th>
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<tr>
<td>Negotiation</td>
<td>Professional environment</td>
<td>Experimental environment</td>
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By combining the four ‘pure’ strategies of change, we can describe an ‘ideal type’ for each quadrant.

The northwest quadrant, the traditional environment, demands a ‘command and control’ approach, a combination of action planning and leadership. At first sight, this seems to contradict the link between (radical) change and the need for leadership (Kotter, 1996). A stable environment seems to ask only for management. However, in this context, we concentrate, by definition, on change, and even a traditional environment is confronted with change.

The northeast quadrant, the high-pressure environment, demands a ‘project management’ approach. Companies are not characterized by their democratic nature; personnel are not consulted before mergers or acquisitions, de-layering, re-engineering, etc. These are typical top-down processes, as are 90% of the ‘management by objectives’ processes. A few people at the top take bold strategic moves. It demands a combination of information registration and leadership.

The southwest quadrant, or professional environment, demands a ‘participative’ approach. This environment is the area where highly trained professionals exercise their profession and form the operating core. They reject large power distances, but, on the other hand, they want to optimize their own profession and do not venture into radically new ground. They avoid high uncertainty environments (with the exception of highly complex problems) and essentially keep their environment predictable by pigeonholing.

The southeast quadrant, or experimental environment, demands an OD approach: a joint process of problem definition and problem solving, requiring empowerment and lack of censorship. Since the environment is uncertain, all participants must look for new solutions. They need a high level of autonomy to experiment and to develop new initiatives. A high tolerance towards mistakes, an open dialogue and discussion and team development are needed to stimulate organizational learning (Senge, 1990).
Four basic processes of ‘change failures’

In this part, we will describe the four generic change failures: leadership failure, negotiation failure, registration failure and action-planning failure.

A leadership failure leads to a lack of orientation, vision, and inspiration (cognitive dimension). It can lead to anxiety (emotional dimension), passive aggression, such as intense gossip, intention to leave and organizational cynicism (behavioural dimension). The lack of social support and the increased role conflicts or role ambiguity give rise to processes normally associated with high levels of stress. We can predict that a leadership failure will lead to withdrawal.

A negotiation failure leads to a lack of accepting goal discongruence (cognitive dimension). Not being aware of value differences (mostly due to a lack of empathy) will easily lead to alienation and emotions normally associated with loss, such as anger or grief (emotional dimension). It easily leads to manipulation, flattery, coalition formation, passive aggression and, in extreme situations, to disruptive conflicts (behavioural dimension). All things considered, we can predict that a negotiation failure will lead to what traditionally has been called ‘psychological’ resistance.

A registration failure leads to lack of creativity, low quality decision-making and external attribution, such as ‘the system is to blame’ (cognitive dimension). It easily leads to pessimism, even despair or depression (emotional dimension), and to resignation and learned helplessness (behavioural dimension). We can predict that a registration failure will lead to ‘avoidance’.

An action-planning failure leads to harsh criticism, perception of inefficiencies and of spoiling (human) resources (cognitive dimension), frustration, apathy and feelings of unfairness (emotional dimensions). It easily leads to all kinds of ‘soldiering’, social loafing or free rider behaviour (behavioural dimension). Overall, we can predict that an action-planning failure will lead to disorientation.

When we look at change failures, from a point of view of the relevant situation, we can identify four specific failures.
1. Change failures in a professional environment

A professional environment requires a ‘negotiated’, not an ‘imposed’, planning. Negotiated can mean ‘traditionally negotiated’, as a result of bargaining between stakeholders with different interests’ (e.g., academic years, long delays in medical and legal systems), or ‘participative’. Typical failures in a professional environment stem from the idea that ‘one fits all’, such as applying a command and control approach to a symphony orchestra. Another example concerns a media company that starts applying budget control and aims at motivating creative people, journalists, scenario writers, etc., for ‘the common goal’. After six months of training, threats, consultancy, attracting new MBA-ers and endless meetings, the project is forgotten. The company, however, has lost three valuable creative researchers and reporters.

Lack of action planning occurs frequently in professional environments, making them extremely inefficient (and thus expensive), as almost all patients who have been ‘clients’ at hospitals can testify. The low power distance seems to dominate the low uncertainty dimension, leading to the spoiling of resources in universities, law firms, hospitals, etc., and to strong resistance to managerial approaches.

2. Change failures in an experimental environment

An experimental environment requires a negotiation and registration strategy. The most common failure in business firms is to neglect the negotiation strategy and to apply a top-down driven project management approach. High uncertainty is noticed and, with a kind of ‘burning platform’ analogy, one suspects that all participants will share a common goal. Then a single-loop learning process takes place, where a (newly) appointed leader ‘shows the way’. This ‘double-loop learning failure’ caused havoc in companies confronted with the e-environment, where one tried to implement the transition to unknown territory with tried and true principles from project management. Less common is denial of high uncertainty, the neglect of the registration strategy, with a ‘business as usual’ approach. This failure can sometimes be observed in partnerships facing a dramatic shift in environment. Those partnerships are more or less well adapted to their professional environments and suddenly face high-pressure environments. Law firms, consultancy agencies, orchestras and universities have the greatest difficulties in adapting to totally new situations.

Rather unlikely, and only possible under very strong leadership, is the ‘invent me the A-bomb’ failure, a combination of both failures, as illustrated in the story of Los Alamos, where at the very beginning of his mission, General Groves forced top scientists to stop creative freewheeling and to start inventing on a tight
time-schedule. Robert Oppenheimer wrote to him at the height of the conflict: “It is true that there are a few people here whose interests are exclusively ‘scientific’ in the sense that they will abandon any problem that appears to be soluble” (Oppenheimer, 1944). However, scientists simply went on with their informal brainstorming sessions but concealed them to General Groves.

3. Change failures in a traditional environment

A traditional environment requires a leadership and action-planning strategy. Change processes based on negotiation and information registration such as OD are very often publicly announced. New managerialism, client orientation and the introduction of new values will fundamentally change the ‘traditional’ organization. There seems to be an endless list of publications reporting on failures, on the tension between the rhetoric of the empowered, entrepreneurial client-oriented ‘new public manager’ and the reality of even more bureaucracy (Van Gramberg & Teicher, 2000; Warwick, 1975).

Organizations in traditional environments have strong built-in mechanisms to defend against all adventures that could lead them to experimental environments. Disasters such as the collapse of the Barings Bank or the out-of-control situation at Chernobyl reinforce beliefs in control systems, hierarchy, enforcement of rules, etc.

The basic problem in a stable environment is that even the ‘natural’ processes are not applied. The most common failure is a lack of leadership. The ‘quality circle disaster’ in most Western companies can be seen as an illustration of a lack of commitment and a clear quality strategy, and of unclear values (McNabb & Sepic, 1995).

Lack of leadership and lack of action planning (lack of management and lack of coordination) in a stable environment will lead to a loss of essential resources in political organizations, that might even become ‘permanently failing’ (Meyer & Zucker, 1989).

4. Change failures in a high-pressure environment

A high-pressure environment requires a leadership and registration strategy. A typical failure stemming from the lack of registration is the ‘reshuffling the deck chairs on the Titanic’ failure; that is, applying an optimization strategy in a highly unequivocal situation. One does not reach consensus on the ‘real problem’ and apply tried and true solutions to a completely unknown situation. In many cases, executive management applies ‘more of the same’ in such situations, leading to ‘managerial regression’; namely,
tighter budget control, cost cutting and management by objectives. Another typical failure stems from the lack of leadership. Information on the dramatic shift is readily available, but management fails to react. Documented examples are the complete failure of Encyclopedia Britannica to react to the threat of Microsoft’s Encarta, or the inertia at Xerox management to build on technology from their own Palo Alto research laboratory. When Xerox’s top management was confronted with major breakthroughs such as the ‘Graphic User Interface’ or e-mail, they simply failed to grasp the relevance. Major problems seem to arise in organizations that are confronted with potential failures on both dimensions. In practice, this means that a correction in one dimension will not solve the problem, leading to an oscillation between regression on that dimension and radical shift on the other dimension. This oscillation leads to distrust, lack of even single-loop learning and complete disorientation. In the middle of an existential crisis, because stakeholders do not define its role (is this a scientific institution or a commercial firm?), a biotechnology firm is answering by ‘people management’, such as job descriptions of all parties involved (a shift towards more planning). This project becomes a failure and is stopped and replaced by open debates among all stakeholders (a shift towards information registration). Many stakeholders argue for stronger leadership, a more ‘businesslike’ approach of managing the firm, leading to new targets, etc. A new business manager with a background in fast moving consumer goods is appointed, but the new manager does not understand the ‘academic freedom’ culture of biotechnology environment, which leads to a loss of top scientists, etc.

**Conclusion**

Organizational change is complex and diverse. We started this chapter by pointing to the low success rate of change and have developed a contingency framework where different environments are matched with different change strategies.

In theory, there are three major reasons for change failures.

First, some organizations fail to see that their environment is changing. This is a major cause of change failure in many organizations with a long history of high power distance and a low uncertainty environment. They continue to implement the change strategies that were adapted to their traditional environment, and fail to see that their environment has changed into a high pressure or professional environment.
Second, one can apply the wrong strategies in view of the organizational environment. Those are the change failures that we have focused on in this chapter. However, the selection of the right strategy is no guarantee for success. Third, even the correct assessment of the environment and the selection of the correct strategy can lead to change failure. The implementation of the correct strategies can go wrong, especially when the implementation of the strategies is extremely one-sided. Leadership demands a clear vision and a top-down approach, but every top-down driven change that neglects participation in the implementation process risks overlooking local structures, relations and knowledge that are vital for successful implementation.

A vigilant search for new information in an environment that is highly uncertain must finally result in initiatives that are managed and coordinated. Otherwise, the organization will end up in complete chaos.

Eventually, it is the effective integration of the different change strategies adapted to the internal and external environment of the organization that determines the success of any change effort. The art of change management consists of applying the right mix. Academics can offer the ingredients. Only seasoned cooks can prepare the most complex dishes.
References


