

Changes of organizations by projects

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Abstract

Permanent organizations, such as companies, divisions, profit and cost centres, as well as temporary organizations, i.e. projects and programmes, change. Different change types, namely organizational learning, further developing, transforming and radical re-positioning can be described by specific chains of processes. For performing change processes of permanent organizations projects and programmes can be applied.

In the literature the differences between changes, processes, programmes and projects are not clearly defined and therefore also change management is not related appropriately to process, project and programme management. There exists a misperception regarding the relationship between changes and programmes (and projects). Changes are perceived to be managed within programmes (and projects) instead of perceiving programmes (and projects) as organizations to manage the changes.

For the definition of change types, of change objects and for the description of changes an action research approach was applied. The author developed together with representatives of different client organizations models for change management and applied those as practical solutions for these organizations.

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1. Introduction

Permanent organizations as well as temporary organizations change. Different types of change requiring different management approaches are distinguished in the literature (Biedenbach and Söderholm, 2008; By, 2005; Gareis, 2008; Heitger and Doujak, 2008; Levy and Merry, 1986). Literature on change management is referring to projects and programs as a way of organizing the change (Bresnen, 2006; Cicmil, 1999; Biedenbach and Söderholm, 2008; Pellegrinelli, 1997) but the change management literature is not addressing the relationship between changes and processes, the relationship between changes, programmes and projects is not in an operational form.

In the project management literature changes are perceived to be managed within programmes (and projects) instead of perceiving programmes (and projects) as organi-

zations to manage the changes (Office of Government Commerce, 2007; Project Management Institute, 2009).

It is the objective of this paper to show, that different change management approaches are required for different change types. Five hypotheses and models defining change types, change objects and change dimensions, relating changes, processes, programmes and projects to each other, and describing change management, change roles and change methods are developed.

First the results of a literature review about change models and the relationships between changes, programmes and projects are described. Then the developed hypotheses and models are presented and interpreted based on four case studies. The paper concludes with a summary of the results and a definition of the need for further research.

2. Change definition and reasons for change

Organizations can survive in a dynamic environment only, if their speed of learning and changing meets the

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dynamics of their environment (Doppler et al., 2002). Ashby's law of the "requisite variety" states, that "only variety can absorb variety" (1970, p. 94). Therefore organizations have to build up complexity, in order to cope with the complexity of the environment. Change management allows building up and reducing complexity as well as dealing with the dynamics of organizations.

The term "change" relates to an important and basic development. Changes are of different intensity and speed, and can occur at the individual, the group, the organizational, or the societal level (Kasper and Mayrhofer, 2002). Change has a strategic dimension, as it is "the movement of a company away from its present state toward some desired future state to increase its competitive advantage" (Hill and Jones, 2001, p. 486).

Traditional life cycle models of organizations define situations, in which changes are required. The organizational growth model from Greiner (1972) e.g. differentiates the leadership crisis, the autonomy crisis, the red tape crisis, and the development crisis, as reasons for organizational growth. It is assumed, that changes (in the form of growth) are caused by crises.

Similarly Pümpin and Prange (1991) and Bleicher (2004) relate their phases of the organizational life cycle (pioneer, market development, diversification, acquisition, cooperation, and restructuring phase), to crises situations. The management literature obviously focuses primarily on growth scenarios, decline as a development scenario of organizations does not seem relevant.

Fig. 1 offers a more generic model, differentiating in the phases establishing, developing (continuously or discontinuously), stabilizing, and closing-down. This evolution model for organizations allows to focus on major reasons for change, such as developing a product, entering a partnership, building a plant, which require continuous development, and organizing a new ownership, acquiring or merging, entering new markets, etc., which require discontinuous development. The conception (of a new organization) and the historiography (of a not anymore existing organization) are the context of the life cycle of an organization.

From a systemic point of view reasons for changes can either be interventions from the relevant environments (e.g. shareholders, clients, suppliers) of an organization

or its internal dynamics, based on the self-organizational capabilities of a social system. Self-organizational processes of a company are e.g. strategic planning and controlling, monitoring the environment, etc.

3. Change models in the change management literature

Levy and Merry (1986) offer a development model for organizations which differentiates between "1st order change" and "2nd order change". The difference between these change types stems around the magnitude and the pace of change. 1st order changes are defined as "minor improvements and adjustments that do not change the system's core and occur as the system naturally grows and develops" (Levy and Merry, 1986, p. 5).

A 1st order change is generally characterized by changes in functional processes, including organizational structure, technology, communication systems, recognition and reward programs, and decision-making processes (see Fig. 3). 1st order changes are implemented in the context of an organization's existing paradigm or metarules, which unnoticeably shape perceptions, procedures, and behaviors (Levy and Merry, 1986).

The 2nd order change is a multi-dimensional, multi-level, qualitative, discontinuous, radical organizational change involving a paradigmatic shift. It leads to a new identity of the considered organization. 2nd order change is viewed as discontinuous, deep structural and cultural change, while 1st order change is considered part of a continuous process.

A differentiation of change types relating to the ability to manage changes can be made according to Heitger and Doujak (2008). In a two-dimensional matrix, in which the vertical axes shows the demand for change and the horizontal axes shows the potential to change the change types survival, mobilizing, radical re-positioning, renewal and learning organization are considered.

Defining the phases of change management has a long tradition that dates to as early as the work of Kurt Lewin in 1947. Lewin developed a three phases model. The basis for change is a state of relative stability of an organization, which is transformed into a new stable state. This transformation should follow a three-steps procedure of unfreezing, moving and re-freezing the organization. The first

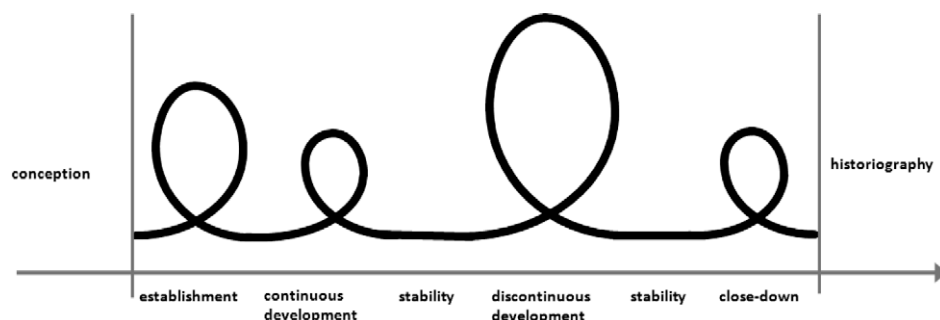


Fig. 1. Evolution of the permanent organization (Gareis, 2009).

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