How Change Management Can Improve Business Processes

Dr. Fareeha Zafar[1], Ayesha Alam[2], Sana Khan[3]

[1]University of Derby, United Kingdom, Currently working at Government College University, Lahore, Pakistan

[2]Kinnaird College for Women, Management Studies Department, Jail Road, Lahore, Pakistan

[3]Kinnaird College for Women, Management Studies Department, Jail Road, Lahore, Pakistan

Abstract: *It is argued that change is bound to take place but how it takes place has a significant impact on how organizations perform and outperform other organizations. Organizations that resist change lag behind others in every way. They have unhappy/unsatisfied customers, they face missed deadlines, and they experience falling profits to name a few problems. On the other hand organizations that are open to change and that adapt to new technologies as they come are producing products and services that satisfy the ever changing needs of their customers which in turn leads to increased profitability and market share. Change management is thus very crucial for business organizations when they aim to continuously improve their business processes to satisfy their customers and therefore to survive and succeed in the highly competitive and evolving business environment. There are many theories and strategies that explain change management. This paper aims to highlight how business organizations can continually improve and how we can bring about this change. We have also thrown light on the four very important and basic change management strategies that are empirical-rational, normative re-educative, power-coercive and environmental-adaptive respectively. These strategies have been supported by real life case studies and also by a survey. We explain how resistance to change can be overcome using these strategies so that organizations adopt continuous business process improvement in an efficient way.*

Keywords: Process Improvement, Change Management, Case Studies, Strategies

1. Introduction

Just like change is inevitable in everything, similarly business processes also continually need to undergo changes.

1.1 Change Management and Business Process

Change management is the process, tools and techniques to manage the people-side of change to achieve the required business outcome. Change management incorporates the organizational tools that can be utilized to help individuals make successful personal transitions resulting in the adoption and realization of change. [1]

A business process is a set of linked tasks which end in the delivery of a service or product to a customer. In other words these activities or tasks once completed will accomplish an organizational goal. Any business process must involve clearly defined inputs and a single output. These inputs are made up of all of the factors which contribute to the value addition of a service or product that perfectly meets the requirements of the customer.

1.2 Business Processes Need to Change

'As organizations grow, they need to continuously analyze and refine their processes to ensure they are doing business as effectively and efficiently as possible. Fine-tuning processes gives an organization a competitive advantage in a global marketplace.' [2]. 'Problems should be approached in a very clear and open way. There should be no fear of disclosing discontent with the actual situation' [3]. The key goal for any organization is to satisfy its customers-internal (employees) and external (customers) customers' need for change. All processes need re-evaluation/improvement at some point in time especially when customers are not satisfied with a product/service, costs increase due to wasted resources or duplication of work and when there are advancements in technology. Efficient and improved processes replace outdated processes resulting in increased productivity, profitability and customer satisfaction. 'Change is an ever-present element that affects all organizations'. [4] Change is continuously happening and thus must be dealt with tactfully since it affects business organizations.

2. Continuous Business Process Improvement

Business process improvement and management can provide better ROI (return on investment), increased efficiency and visibility, and improved collaboration. Thus, to refine / improve their business processes organizations need to follow a few steps. Following these steps help organizations to strategically improve their business processes. These steps are as follows:

a. Analyze the Process
''Before firms can actively manage and improve a business process, they must understand it.' [5]. During this stage, the mapped down business process is deeply analyzed to investigate the problems within the process. It helps to reveal problems like where in the process do costs go up, what is the step that causes most delays, at what step do customers get annoyed etc. During this step it is necessary to speak to people who are directly affected by the process to understand what is wrong with the process and ask for suggestions for improvement.

b. Redesign the Process

In this step the process needs to be redesigned to remove the problem/s that has been identified in the steps above. For this purpose what is most suitable is to work with people who are directly involved with the process since it is their ideas that may reveal new approaches. This may also help to communicate change to these people to an extent. 'The idea behind a framework is to help practitioners by identifying the topics that should be considered and how these topics are related.' [6]. It is therefore very important to solve problems, redesign processes that need improvement and succeed in your business. Brainstorming and probing all the people who are related to the problematic process can help uncover areas of improvement and also suggest possible ways of solving the identified problem. It is important to jolt down everyone's ideas for change irrespective of the costs involved. These possible solutions can later be narrowed down by considering how they can be translated to real-life context.

c. Acquire Resources

In this step resources to redesign the process that has been identified as a candidate for improvement are acquired. Resources to implement the new process are also acquired. Resources can include almost anything that will make the redesigned process functional to meet the requirements of the customer. 'If the reasons for the implementation of BPR (Business Process Redesign/Reengineering) are not clearly understood, or if the necessary resources are not put in place to support the full implementation of the scope of the programme, then this can lead to the path of failure.' [7]. Resources can even include guidance from top management or from personnel in other departments like IT and HR. At this point you need to communicate the benefit of the process change to the organization as a whole.

d. Implement and communicate change

'The ability of management to be adaptable and be able to manage change is considered by many researchers to be a crucial component of any BPR (Business Process Redesign / Reengineering) effort.' [8]. Implementing and communicating change i.e. Change Management is a very important step in continuous business process improvement. BPI can involve changing of existing systems, processes. This can even call for a change in the composition of the process work team or hiring of a new team member or training of an existing team member. 'If we expect to change processes then we must understand that we will also be changing people' and that 'Successful process change occurs when the "people in the process" work together with the people who have technical knowledge to design the best processes for their organization.' [9]

Change although inevitable is not always easy to bring about. People related to a business process are resistant to process change because they literally own these processes and have been working with them from quite some time. They are so emotionally attached to these processes that they take any detected problem in their process personally. There are many theories that help in change management. In addition to these theories, organizations adopt different types of strategies to smoothly bring about changes in business

processes like the four basic change management strategies we have discussed later.

Once it has been decided that a particular process needs to be changed /improved it is very important to document each step. ''Keep in mind that without a good process foundation, technology is unlikely to obtain the expected gains. An understanding of process must come first.' [10]

Mapping of business processes is not done because it is preconceived that everyone has a full understanding of these processes. However, this is not true since it is very rare that all personnel have a consistent understanding of even any single process and how it drives the affected parts of the organization. Thus, the need of mapping the process arises. You need to accurately understand the process and map it down so that it can be a candidate for analysis and hence improvement. As it is very wisely stated:

Business processes can be mapped using diagrams like flow charts. Flow charts are simple diagrams that maps out the various steps in a business process so that it can be easily communicated to other people. 'One picture is worth ten thousand words, but a distorted picture is worth nothing' [11]. Generally basic flow charts are made up of three main types of symbols that include elongated circles that signify the start or end of a process, rectangles that depict instructions or actions and diamonds that show decisions that must be made.

2.1 The Change Problem

The foundation of change management is the actual problem that needs to be resolved. It could be a future state to be realized and stages for getting to the desired state. The problem can be large or small in nature; it could be limited to a few individuals or departments or to the whole of the organization. At a basic level, the change problem is a process of from one state (A) to another state (B). Change problem can be treated as a smaller problem which deals with the how, what and why of a change. [12]

3. Four Basic Change Management Strategies [13]

Following are the four basic change management strategies:

a. Empirical-Rational Strategy

The underlining assumption of this approach is that if some data is presented to a group of individuals in an effective manner, the group will be in favor of the change primarily because will be seeing their own interest in it. The person who will be communicating the change to his or her subordinates will have to do so in such a manner that the change seems desirable. Employees are basically driven by self-interest so if the information is gathered and communicated to them in an engaging and convincing manner, only then they will happily adapt to the change. The information should be collected by expert professionals and through authentic sources to insure its accuracy. Dialogue plays a very important role in understanding the change.

b. Normative Re-educative Strategy

This strategy also sees people as rationally self-interested. This strategy emphasizes changes in the staff's values, skills and relationships. The normative re-educative view understands people as inherently social, who are guided by normative culture which strongly influences their behavior. If change has to occur under this strategy, the targets reconsider their values, habits, skills and relationships. This strategy of change usually relies on trainers and therapists. According to this approach, change is motivated when individuals identify some level of dissatisfaction in the existing state of affairs based on pertinent value clashes. So, old norms are discarded and replaces by new ones.

c. Power-Coercive Strategy

This strategy advocates power in the form of threat and believes the people generally take orders and bow down to people who possess greater moral, political, economic power than them. It is not always necessary that the use of power is always in the negative sense; it can be used positively implying that this power could be legitimate or illegitimate. People who possess this power may pay or bribe others for complying. The strategy carries a risk that if the power is removed, people may go back to how they behaved originally. If this strategy is implemented to bring about change in an organization, the staff might hating the senior management and become rebellious which could prove to be very harmful for the organization in the long run.

d. Environmental-Adaptive Strategy

This strategy is based on the human ability to adapt to change. People usually are afraid of change and try to avoid it but when they are left with no other choice; they eventually adapt themselves to it. The human psychology is such that first, new environments are created and then people gradually upgrade themselves from the old system to the new one. The environmental-adaptive strategy recommends that a new set of circumstances be created which will exploit the brain to adapt to it which will result the change to "sink in". This strategy is best suited for changes that are radical in nature rather than the gradual ones

4. Case Studies

Discussed below are some practical examples of the strategies discussed above:

a. Empirical Rational Strategy at Lahore University of Management Sciences: [14]

Organizations usually give bonuses and appraisals to their employees based on their performance. As it usually happens once a year, employees feel that they did much more for the organization in terms of work as compared to the appraisal they received. While working at Lahore University of Management Sciences, I came across many people who complained that the bonus they received was nothing as compared to the amount of work they had done. On the other hand, the university wanted to lay-off people who were not working because of a huge cut in departmental budgets. They wanted to monitor departments which were over staffed or departments which had more people who

were not working efficiently and proving to be an a liability for the university. The management wanted to fire the surplus people to manage its budgets. To overcome this issue, the university's management introduced an online performance appraisal system. The employees were quite apprehensive about the idea at first but when they were told that it was for their own good, they seemed interested in it. Staff was required to log all the projects they worked on and then their supervisors were asked for confirmation if their subordinate staff members had actually done them or not. So, everything became transparent and people were motivated that their work was now actually being monitored by the HR department. Based on their performances, their supervisors gave them points. Higher points meant better bonuses.

By using this empirical-rational strategy, the management of the university helped themselves as well as the staff. Employees were interested in better performance appraisal so the adapted to the new system seeing their own interest in it. The university monitored the employee's performance and gave better appraisals and promotions to people who actually did work hard and fired those who were more of a liability for the university.

b. Normative Re-educative Strategy at Lahore University of Management Sciences

Attendance marking system is one of the most common points of conflict in most organizations. There are people who almost always habitually come late and leave early. Other staff members who come and leave on time feel that it's not fair to them. I will quote another example from Lahore University of Management Science over here. Like any other organization, attendance recording system started to become a problem. Staff used to come and mark themselves present at whatever time they came in. Sometimes in a large department, people used to mark their friends present who were actually absent that day. People who came on time used to feel agitated that it was not fair to them and eventually this problem was taken up to the higher management of the university. To attend to this problem, the university introduced and electronic attendance marking system in which staff members were given smart cards and they had to swipe them over a monitor when they came and left. The management then made a rule that if anyone came late for three days, one days' pay would be deducted from their salary. This system came as a shock to those who were in a habit of coming late because now they knew that they attendance was being monitored to the second they came in and left but on the other hand, people who were punctual were very happy and welcomed this electronic attendance system wholeheartedly. The university felt the dissatisfaction among the employees who were punctual and so by using this normative-educative strategy, they introduced this new electronic attendance system and discarded the old one which proved to be helpful for the entire workforce and university as a whole.

c. Power-Coercive Strategy at Mughal Steel Mills:

To discuss this strategy, we give take the example of a little incident that took place in the plant of Mughal Steel Mills.

The mill owners purchased a machine that made a certain product but to everyone's surprise, the machine ran perfectly well but never produced a single unit. The management of the steel mill was quite upset over this matter because they had invested a lot of money in this machine. So in an attempt to solve the mystery behind the machine, they hired a retired army officer as their new Managing Director but the staff was not told about this new hiring. Immediately after joining, the new MD started looking for reasons of the machine failure. He used to dress up as a normal factory worker and mingle with the rest of the factory employees. He monitored their routines, efficiency, behaviors, attitude towards work etc. As time went by he got to know them better. He became closer to them by becoming one of them. Eventually he met the guy who was in charge of that machine. He started spending time with him in order to know what exactly was wrong with the machine. After a few days, he eventually found out what exactly went wrong: the guy who was in charge of the machine fiddled with it on purpose. Whenever technician used to come to check it, he used to secretly remove/ fiddle with a very little wire which in turn gave zero productivity. No one could suspect he was the one behind it as the management had made him in charge of the machine. When asked by this MD, he said that he did not want the machine and factory to function properly so he used this fiddling to create hindrance in ongoing production process. The reason he did this was that he just didn't feel that the machine did anything extraordinary and he used it to get back at the management for his own personal grievances.

The MD took his finding to the management of the steel mill and they gave him full authority of hire and fire. Because he exactly knew who was doing what, he made sure that people who were proving to be a liability for the steel mill were strictly warned. He knew the mind set of all the workers so now he was in a better position to shuffle/add/subtract their responsibilities. So by using the power-coercive strategy, the steel mill management was able to solve their problems.

d.   Environmental-Adaptive at a local school:

To explain this strategy, we will discuss the example of a school where the management decided to implement Islamic practices and they made it compulsory for the teachers to wear an Abbaya. Many teachers welcome the change but there were a few teachers who found it difficult to adapt to this change. As a result, these teachers left the school because it was very difficult for them to get used to this change. So, we can positively say that this strategy did not work very well in this school.

In our country, women are not encouraged to work. But the government has taken an initiative and has opened up First Women Bank which only employs women. Similarly, it is very unusual for to see police women and female city traffic controllers in Pakistan. But now our society has adapted to this change because the implementation of this strategy by the government.

5. Class Survey

We did a survey in our class on the normative re-educative strategy and asked our class fellows whether they were happy with the attendance system currently being followed in the class. We took a sample of 47 students. While answering the questionnaire, they admitted of being late frequently and others had the opinion that late comers should be marked 'late' instead if present. All the class agreed on having and electronic attendance system through which everyone would be marked present or absent electronically. Most of the respondents had the view that they would not go back to coming late to class if the electronic attendance system was reverted back to the manual attendance system. Following on the next page is the questionnaire we created:

Table 1: Survey Questionnaire

Question			
Would you come to class if there were no attendance marked?			
Are you usually late for class? By late we mean 10-15 minutes late.			
Do you think that late comers should be marked present?			
Do you think your friends or teachers judge you if you come late to class?			
Are you in favor of an electronic attendance system?			
Would you be punctual if you were given a smart card that would your electronically mark your attendance?			
Would you still be punctual if this electronic attendance system changed back to the original one?			
Would you misuse/exploit this system by either tempering with it or giving your card to a friend who is usually on time so that she can mark you present?			
Do you think that late comers should be penalized for coming late to class by being marked LATE instead of present? Would it be fair to a person who came exactly on time?			
Do you think that giving attendance 5% weight age in the overall course is a good idea?			

5.1 Survey Results

Following are the responses we received when we conducted the survey:

Table 2: Survey Responses

Questions	Agree	Indifferent	Disagree
Would you come to class if there were no attendance marked?	31	8	8
Are you usually late for class? By late we mean 10-15 minutes late.	17	10	20
Do you think that late comers should be marked present?	34	8	15
Do you think your friends or teachers judge you if you come late to class?	34	5	8
Are you in favor of an electronic attendance system?	38	6	3
Would you be punctual if you were given a smart card that would your electronically mark your attendance?	39	5	3

Would you still be punctual if this electronic attendance system changed back to the original one?	38	7	2
Would you misuse/exploit this system by either tempering with it or giving your card to a friend who is usually on time so that she can mark you present?	15	20	12
Do you think that late comers should be penalized for coming late to class by being marked LATE instead of present? Would it be fair to a person who came exactly on time?	29	10	8
Do you think that giving attendance 5% weight age in the overall course is a good idea?	41	3	3

6. Conclusion

Change is bound to happen in almost everything. Similarly businesses processes continuously need to adapt to change and improve to meet changing customer needs and to be abreast of advances in technologies. Thus, change is inevitable and very important but bringing about change is not an easy job. Change management is a difficult and tiresome job. In this term paper, we have discussed what change management is and how it affects and influences continuous business process improvement. We have also discussed steps that must be followed to continuously improve business processes. Four change management strategies that are empirical-rational, normative re-educative, power-coercive and environmental-adaptive respectively have been briefly discussed with examples from real life case studies that prove how important these strategies are to successfully bring about and implement change. Lastly a little survey that focuses on the normative re-educative strategy was carried out which again emphasizes on the importance of these strategies in overcoming resistance to change.

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[13] Lahore University of Management Sciences

Author Profile

Dr. Fareeha Zafar is from University of Derby. She supervised this paper and is currently working at Government College University, Lahore.

Ayesha Alam graduated from Government College University, Lahore and is currently enrolled in the M.Phil programme for the session 2013-2015 at Kinnaird College for Women, Lahore.

Sana Khan graduated from Lahore School of Economics and is currently enrolled in the M.Phil programme for the session 2013-2015 at Kinnaird College for Women, Lahore.