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STRATEGIC CHANGE MANAGEMENT IN POST-CRISIS ENVIRONMENT

***Abstract:** The research deals with the behaviour of a company in post-crisis environment. It is supposed that an action of a company in this stage of its existence is influenced by the nature of change that the company is going through, by its business strategy, competence to integrate management of change into the post-crisis strategy, as well as by leadership and communication. Based on research results four concepts of company management in post-crisis conditions are recommended. They include: proactive approach and constant transformation, strategic flexibility, strong leadership, and constant communication. The choice of a suitable concept is offered by the anticipative post-crisis change management model in post-crisis conditions.*

***Keywords:** management of change, strategic management, organization planning, crisis management, post-crisis stage*

JEL: M 10, M 21

Introduction

While an extensive research has been conducted on economic crises and the process for crisis management, and comprehensive literature was compiled on response methodologies, little has been written about the importance of change management in the post-crisis phase and the overall integration of the change process into the corporate crisis management business strategy. Crises can eventually result in significant problems, but there has been limited relevant research to elucidate the optimal processes of integrating the change management into the overall business strategy. Additionally, the risk of failure to establish processes for management of post-crisis issues increases as the organization remains in paradigmatic post-crisis mode. When confronted with a crisis, a systematic management, including a strategically aligned Change Management Process, is required not only for surviving the crisis but also for the long-term operational gain for the organization.

1 Goal

The topic of the research is reviewing the strategic responses to change in a post-crisis environment. Crises are inevitable and more often than not initiate changes of the external and internal environmental factors which require a strategic approach and flexible structural adaptation on all organizational levels. The main goal of this study is the discovery of new knowledge in the fields of change management and crisis management, with the focus on the post crisis phase, in their respect to strategic planning, based on the evidence from field research.

The first partial goal is to verify, confirm, deepen, and extend knowledge on factors of change on the basis of working hypotheses. The reviewed factors are: 1. The pattern of change; 2. Strategy; 3. Change Management integration into the overall post-crisis business strategy; 4. Management and Leadership and 5. Communication. The second partial goal is to make an abstraction and generalization from this living reality and propose a basic model based on new data. Data from five case studies will be evaluated in order to provide a reliable indication towards organizational reality. The model encompassing the results from this research should a simple template for change management implementation in the post-crisis setting.

2 Summary of Knowledge as the Basis for Current Research

The concept of strategy has been applied for millennia and can be found everywhere in our society [7]. Initially originating in military context, strategy is a well-researched field and heavily applied concept within organizations. A well-structured strategy is the foundation to succeed in the ever-changing environment. In organizational context, strategy has two purposes: deciding both where to go and how to get there, encompassing both broad and narrow definitions. The broader version includes both the goals and objectives an organization wishes to achieve and the means to achieve them, whereas the narrow version of strategy focuses only on the means to achieve the goals and objectives.

Though a massive contribution, both academic and practical, exists on strategy, the material is limited and fractured when it comes to the implementation of change management after a critical event on strategic level. Advancement in technology and complexity has increased the likelihood of the occurrence of incidents. Despite the growing frequency of crises in organizations, crisis planning and preparation has not received the attention it deserves from either the management practitioners or management scholars. The Center for Crisis Management at the University of Southern California states the number of the Fortune 500 companies that are prepared to face crises with only 5 – 25%, while the remaining 75 % are unprepared, still operating under the assumption that crisis can be successfully managed without a prior plan [28]. Although crisis research is growing as a scientific discipline, it remains in its initial stages of development [9]. This study aims to review organizational practices

in managing crises through effective development and selection of strategies, providing the basis for development of a generalized model.

A change is a constant for organizations. This study defines change as an ever-present, non-linear process [10]. Organizations do not just strive to survive, but to achieve sustainable competitive advantage, forcing viable organizations to embrace the influences coming from both their external environment and internal subsystems. Whatever strategic option is chosen to follow after a crisis, this option will involve changes for the organization on multiple levels. For optimal outcome those changes have to be carefully planned, and the change process has to be managed and overviewed especially when triggered by the crisis.

Change management is not a distinct discipline in its own right. It derives its basic approaches from theories from other social sciences and extensively draws from experience and real-life examples. The idea of managing, directing and leading change is a relatively new one. Early philosophical works deal mostly with acceptance of change, where change is seen as an unavoidable, mostly negative element of life [34]. Taking control over and participating in the change process for one's own benefit is rarely seen as a possibility. This predominantly fatalistic view has become also exhibited in the earliest change models like that of Lewin [23]. However, stability is no longer the predominant status quo of organizations and their environment. To the contrary, they have become less predictable, dealing with more frequent unknowns [6]. Change management acknowledges these transformations and seeks their understanding for the sake of strategic survival and benefit. Recent views on change management treat it as an ongoing effort to understand both industry and internal dynamics and, where possible – to capitalize on it [20]. Moreover, it is not seen only as a one-off initiative, but as a process of organizational learning [8, 18].

In his research, Lynch [24] proposes the differentiation between organizational and strategic change. According to this classification, organizational change is the change that happens continuously within organizations, and it can be manifested in its two extremes – a slow organizational change (gradual introduction characterized by a low level of resistance) and a fast organizational change (sudden introduction as a part of a major initiative, therefore characterized by a higher level of resistance). Strategic change is different in essence due to its being a result of proactive initiatives through various managerial tools. Proactive here means that “the company takes the initiative to manage new strategies and their impact on people in an organization” [24, p. 564]. The rigid classification fails to account for business reality where both types of change might run in parallel in an organization or even shift their characteristics from being simple organizational to aggressively proactive in their strategic approach.

Contrary to the Lynch, authors like Kanter [19] and Brooks [4] refer to strategic (in Lynclean terms) change as organizational change. Others like Miller et al. [25] distinguish them, but use the term “planned organizational change” when referring to intended, i.e. strategic change. This thesis takes on the definitions, proposed by Lynch, as it researches a change, highly strategic in its nature – managers

took concrete, proactive steps to manage the process. It also recognizes that slow organizational change might run parallel to strategic change, i.e. the change process is context-bound and does not exist in a vacuum.

The purpose of this study is to enable the development of a practical model, based on literature and qualitative research for strategic change management in a post-crisis environment. An organization is normally in business to stay in business, so changes need to be carefully coordinated, especially when initiated by a crisis. By considering change management an integral part of corporate strategy, crisis induced changes can be implemented more fluently, consistently and have enduring influence of the company's performance. Although both change management and crisis management are recognized scientific fields with considerable research and application history, crises management tools and approaches rarely include strategic preparation and application of change management.

With his research in 1995 Kotter [21] established that two thirds of major change initiatives are not successful. Based on the analysis of the current state of research and application of change management and strategic planning in times of crisis, the goal of this study is to analyze the current business reality to accumulate and distil the real life data to aid future development of an integrated change management model to support change management efforts in post-crisis scenarios. This model will assist organizations in incorporating the change management aspect into the overall business strategy, supporting the efforts in the post-crisis environment and ultimately contributing to the organizational success.

The premise of this study is an assumption that change management can be fully integrated into post-crisis response with operational business processes, if strategically applied and supported in the organization. Therefore, change management no longer needs to be an isolated, specialized process; it rather will be integrated as part of the overall strategic plan into the foundation of an organization. Similarly, crisis management is a systematic process that is usually only insufficiently integrated with normal business processes and traditionally focuses more on the tactical and operational side of planning.

Learnings are important for organizational development and ultimately survival, even more so, when gained in expensive crisis. The strategic positioning and implementation during the post-crisis phase is of a high importance to science and practice due to its direct impact to organizational performance, its high complexity and high failure rate. This research attempts to shed some light on the practices in the field to gain knowledge of the reasons for success or failure with the ultimate goal to develop a practical model for future implementation. Despite its undisputable impact on organizational performance, research on the subject has been neglected, with existing relevant research and literature still in early stages, mostly fragmented among multiple fields of management research.

This study is designed to demonstrate how change management can better fit into the post crisis planning of a corporate model, integrating change management into

the fundamental structure of the organization as part of post crisis operations based on strategic planning, which will help the entity to handle crisis situations effectively.

Applied Model. Multiple crisis models have been introduced over the years, all sharing the common theme that crises have an identifiable life cycle. This research was significantly influenced by four leading approaches, emerging from a study of the various crisis management models cited earlier. These four are Fink's [12] four-stage model, Mitroff's (1994) five stage model, a basic three-stage model and the temporal bracketing model.

Fink [12] developed one of the first crisis models, offering a model utilizing medical terminology identifying four major crisis stages: (1) prodromal: first signals towards a potential crisis begin to appear; (2) crisis breakout or acute: crisis event and immediate damage; (3) chronic: crisis effects still overall present while mitigation efforts are in full swing; and (4) resolution: crisis is no longer a concern to stakeholders.

The second model was designed by Ian Mitroff [27] and is divided into five phases: (1) signal detection: crisis identification and possible crisis prevention; (2) probing and prevention: organization is actively seeking known crisis risk factors and is working on reduction and upfront containment; (3) damage containment: damage control and containment after the crisis; (4) recovery: organizations work to return to normal business operations as soon as possible; and (5) learning: organization members review and critique their crisis management efforts, thereby adding to the organization's knowledge.

While Mitroff [27] focused on crisis management rather than just crisis description, Fink's [12] model defines the resolution stage when a crisis is no longer a concern. In contrast, Mitroff's cyclical model provides a view towards a system where the end simultaneously represents a new beginning. The crisis management effort is critically reviewed aiming to improve the system. Hence, the learning phase can feed back to either the signal detection phase or the probing and prevention phase. Gonzalez-Herrero and Pratt [14] extend Mitroff's [27] design by treating the final stage as a continuation of the recovery phase. In addition to evaluation and retooling, the final stage involves maintaining contact with key stakeholders, monitoring the issues tied to the crisis and increasing communication, and recovery phase are carried over to the learning phase.

The fundamental difference between the Fink [12] and Mitroff [27] model is revealed by comparing their last phases. While Mitroff's model is active and stresses what crisis managers should do at each phase, Fink's is more descriptive emphasizing the characteristics of each phase, while Mitroff's model is more prescriptive. Fink's emphasis is on mapping how crises progress while Mitroff is concerned with how crisis management efforts progress. Considering the historical development of the early models, which tended to be descriptive, the difference is not unexpected.

The three-stage model has no identifiable creator but has been advocated by a strong crisis management community (e.g., [3, 16, 26, 31]). Following this three-stage approach the crisis management process is separated into three stages: pre-crisis,

crisis, and post-crisis. Fink [12] and Mitroff [27] models both fit naturally within the classic three stage approach. The pre-crisis stage deals with crisis preparation, which contains prodromal signs, signal detection and probing. The crisis stage includes the actions taken to cope with initial incident. Damage containment, crisis breakout and recovery or the chronic difficulties all fall within the crisis stage. The post-crisis phase deals with the period after the crisis is considered to be resolved. Crisis resolution and learning from the experience are each a part of this stage.

This research is further building on this idea of deterministic, life cycle-based process theories composed of a predictable set of stages, augmented by utilizing the Langley temporal bracketing model. The temporal bracketing model breaks down time lines into distinct phases where there is continuity in activities within each section flanked by discontinuity. The change process of the organizations was structured and analyzed in three phases: Departure Point, Opportunity and Effort. The change process begins with a “Departure Point” describing the overall internal and external environment, indicating organizational and system properties influencing organizational action. Crisis induced change events are very disruptive and radical in nature with the Departure Point predominantly detached and uncoordinated. The change process advances when, initially triggered by the crisis, and discovers an Opportunity that is backed by an Effort. The model allows for a comparison across similar units of data across multiple case studies. The empirical pattern to be used for data collection and later on for data analysis has been developed on the basis of life cycle-based process theories, utilizing the ‘temporal bracketing strategy’ as proposed by Ann Langley in the organizational change studies. This approach was chosen due to multiple reasons:

- the model can well be developed retrospectively;
- the approach is case study research applicable;
- the temporal bracketing strategy provides next level of detail adding to Levin’s traditional three phases process.

3 Methodology

A qualitative, grounded theory-influenced approach was used to discover insights in currently deployed strategy models for change management in post-crisis setting. There are five technology organizations at the centre of this thesis selected on the basis of following criteria: they are all 1. large, 2. multinational, 3. technology driven corporations who have 4. recently (6 months to 5 years) experienced a crisis. The study has utilized the “field research” approach by conducting in-depth interviews with the participants who have lived through the business crisis and/or are in charge of preparations for the unavoidable upcoming critical events.

Participant selection. There are five technology organizations at the centre of this study: known as Company A, Company B, Company C, Company D, and Company E. These organizations were selected because they fulfil the selection criteria. They are all large multinational corporations who have recently experienced a crisis.

All companies are listed on the New York Stock Exchange and the headquarters based in the United States the research in this paper worked predominantly with their European representatives. The desired interview partners for the overall study were preselected Vice President level employees highly involved in, or directly or indirectly, responsible for crisis management, change management or innovation.

Interviews. The study has utilized the “field research” approach by conducting in-depth interviews with the participants who have lived through the business crisis and/or are in charge of preparations for the unavoidable upcoming critical events. In order to collect primary data for the purpose of the pilot study semi-structured qualitative interviews were conducted. Due to qualitative interviews being usually less structured and more flexible, where the interviewer has the opportunity to adjust and respond to the interviewee allowing for detailed and rich answers, and any new questions that may arise due to the respondent’s replies and the order of the questions may be revised [5].

Data Collection. Ethnography relies heavily on multiple data collection methods [1, 30, 35]. Following the model of Walsham [35], the primary data sources were interviews, offering the best access to the interpretations the study partner had regarding actions and events. The interviews were semi-structured and usually lasted from half an hour to six hours. Apart from interviews, participant observation provided additional data, which was partly participatory but done mostly on an observational basis. By conducting business with the company, unrelated to this study, the organization could be observed in the daily work by attending external company events and other public occasions.

Interpretive framework. Following interpretive framework will be utilized to analyze data. The following sections offer arguments for the selection of those factors:

1. *Pattern of Change:* The role of the environment, internal and external, with regards to the organizational capacities during the complete change management cycle plays a significant role in the definition of a response strategy. After a critical incident, while finding themselves in very ambiguous environment, organizations tend to simultaneously introduce multiple change initiatives.
2. *Strategy:* Crises are inevitable and organizations widely recognize this and prepare strategies for mitigation. The resulting crisis induced change and conditional change management efforts likewise need to be embedded into the overall corporate strategy. The post-crisis period represents a time of ‘organizational metamorphosis’ in which the process of change is characterized by uncertainty and ambiguity [32, p. 1427].
3. *Change Management integration into post-crisis business strategy:* The third factor in the interpretative framework is the review of the change management integration into overall business post-crisis strategy.
4. *Management and Leadership:* During the initial stage of study preparation the researcher has developed a working hypothesis initially based on existing research and personal working experience. The reasoning behind the selection of

the factors was the reduction from all possible influences and focus on the most prominent and influential factors in the experience of the researcher. Literature review confirmed the “management and leadership” factor as a recurring discussion thread, thus providing theoretical foundation to the researchers’ notion on basis of which the research at hand has been planned.

5. *Communication*: Similar to factor number 4, the focus on “communication” was set based on the working hypothesis initially based on existing research and personal working experience. Per Francis’ [2] definition organizational communication has two goals: 1. stakeholder information about tasks, policy and other issues of the organization; 2. communication with the aim to create a community within the organization.

4 Results

The following section comprises the data output from the previous sections, generated by interviews, observations and secondary research. The model of post-crisis change management was derived from five case studies, generating a platform for relevant analysis of influencing factors on crisis induced change management. Similarities and differences in the change process between the case studies are addressed with regard to outcomes seen as the pattern of change, conditions under which the change process unfolds and the contribution of individual and organizational action in this process. This section will conclude with the outline of a process model for the crisis induced organizational change.

Main differences are discussed on the basis of different organizational trends prevailing in the reviewed cases. As a result, the main differences are observed with regard to two issues: the pattern of change and the role of management and leadership. In addition, the main similarities found are related to characteristics that the organizations inherited from the previous system as well as to the environment of the organization. Thus, similarities are found in the conditions prevailing during the process of organizational change.

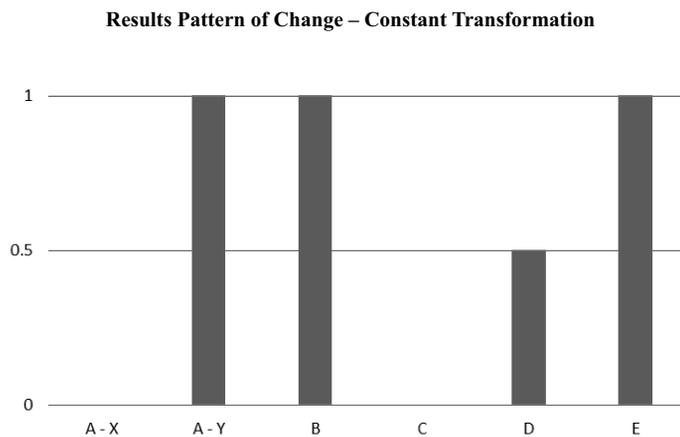
4.1 Pattern of Change

The findings suggest that in responding to pressure for change, organizations vary massively in their choice of direction and the execution of the organizational transformation. The nature of the events that might be considered critical and can initiate changes in an organization can be external sources (e.g. data theft in Company C; new competitive playground in Company E); previous initiatives (e.g. unintended consequences of earlier restructuring initiatives in Company A; neglected organizational health issues exploding in Company D), or intra-organizational events (e.g. virtually exploding demands on Company B).

When interpreted in the light of the different internal and external conditions, the different organizational structures prior to the crisis had a massive influence on the

response to the change. Influencing factors stem from the inherited organizational values at the time they were established and reinforcement of these values on future organizational forms and activities. Change initiatives in companies like A, B and C, with clear self-understanding as engineering companies, experienced massive resistance to any change initiatives in form of new policies and procedures, when they seemingly strayed from the established culture and their self-understanding. Data analysis on the execution and coordination of the initiatives provided insights into the overall organizational change process. Each of the initiatives is considered as an outcome of the micro process of change while implementing reform.

Figure 1



The differences and similarities in pressures to which the organizations were exposed, as described in detail within the case studies, led to specific patterns of change in their organizational structures and systems and the development of organizational trends. Differences, on the other hand, may be caused by organizations experiencing environmental turbulence in different ways, since their change pathways are dependent on the “type and intensity of institutional pressures, patterns of past behaviour and the dynamics of institutionalization processes” [11, p. 4]. In addition, the current situation of an organization influences which modes of organizational transformation and change will prevail [17].

The most striking similarity across the case studies is the overwhelming flood of crisis initiated initiatives (see Figure 1), mostly uncoordinated and often even with competing goals: Company A’s attempt to bring order into the organization when initially failing with the market entrance resulted in multiple organizational efforts, including reorganizations, layoffs and massive hiring waves, following in a short order, leaving the internal and external stakeholder struggling with the situation. Following the discovery of the critical incident at c Company C multiple initiatives were initiated. Due to a military background and strong affinity to strategic thinking the responsible manager structured the initiatives in multiple, chronological layers.

Immediate actions regarding data access policies were followed by midterm activities in reorganization, bringing back earlier outsourced company know how. The long-term initiatives targeted the modification of corporate culture and values with respect to data security and risk awareness.

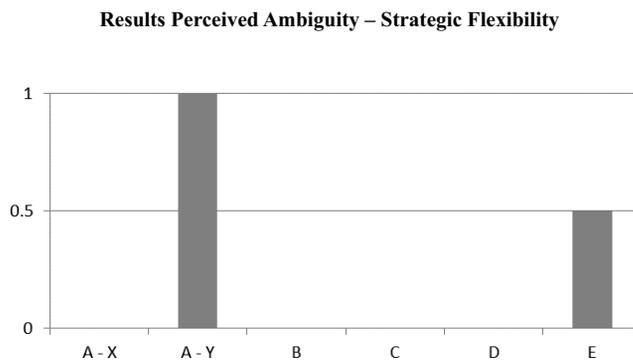
4.2 Strategy

A number of similarities and differences in cross-site analysis pointed to multiple sources of perceived ambiguity. A lack of appropriate framework for the execution of the change projects was also emphasized in this context. System dysfunction emerged as an issue during several interviews, narrating problems caused by a system in disorder at both intra- and inter-organizational levels.

Perceived ambiguity in organizations also provided grounds for organizational action and subsequent outcomes during the research period. This behaviour is best represented by Company E, with their concurrent demands to satisfy external stakeholders, i.e. analysts and major shareholder, while simultaneously expanding their innovation.

However, the type of perceived ambiguity also tended to alter during the change process. This seems plausible since, at certain periods, ambiguity was used strategically to impose some internally generated solutions in situations of weak institutional environment while at the same time the pressure for change was intensified (or at least interpreted as such). It also helped to support efforts to generate momentum for change.

Figure 2



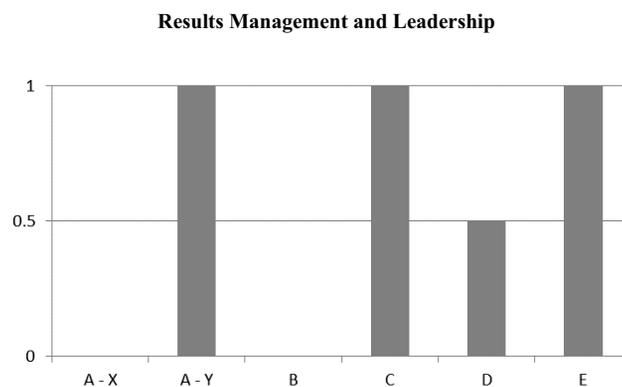
As displayed in Figure 2, four researched crisis instances were not aware or equipped to deal with the Ambiguity and the resulting strategic Flexibility. While Company A has implemented the Strategic Flexibility approach after the first crisis, only Company E had considered this approach prior to this study, though the implementation was rather half-hearted.

4.3 Management and Leadership

The efforts to change began with several assumptions: that the organization needed to modify the leadership model, to stabilize their financial and business practices, and to revitalize their missions. It has been established that leadership is an integral part of all reviewed organizations success but not necessarily their strategic planning. Especially during the frail state after a crisis, organizations need structure and support. There is an important implication for strategic management regarding the culture or the organization. Cultures of organizations are, by nature, dynamic. That is, they naturally change and evolve in response to changes in the organization, the members of the organization, and its environment. As a matter of fact, the management of an organization includes the idea that managers can change a culture, or parts of a culture, for it to be more consistent with the organization's strategic objectives. At this point, the management of the organizational change process can use two basic approaches to the task of culture change: top-down change and bottom-up change.

The focus on Management and Leadership was emphasized by Company A after multiple unsuccessful attempts of market entry for an extensive period of time. It has been emphasized that this approach was only taken after all apparent solutions, from the standpoint of Company A's management team, did not result in a desired outcome and an externally hired senior leader was expected to bring along new ideas and act unbiased. Similarly, Company B and D were entertaining the ideas for at least partial reorganization of the leadership team, both companies went with minor changes from the internal HR pool.

Figure 3



One problem with top-down culture change, however, is that the changes may not be consistent with the values and norms of lower-level members of the organization, as visualized by Figure 3. This may bring about resentment and resistance, and may produce changes that are not long lasting. With bottom-up or participative approaches to change, organizational members are involved in the change process. This type of

change may be slower, but it is likely to be longer lasting because employees are involved with and committed to the change.

The lack of resources has often been emphasized by the interviewees mostly in the lower ranks, but it was seldom recognized by the top management. Whenever discussing why certain changes were not implemented, the interviewees pointed to a lack of resources and lack of engagement from the Management.

The research indicated that the management is considered to be responsible for the reforms. However, the engagement of the corporate leadership was perceived by the organizational members as purely symbolic. Though, there existed a multitude of verbalized support for the reforms, concrete action often remained inadequate. A myriad of examples was brought forth during the observational work with the participating corporation. This behaviour can be best illustrated with the example of company B, where change process was initiated but not followed through or even supported by management thus creating a fearful environment where employees refrained from displaying characteristic targeted by management as negative, for example debating management decisions, out of fear of reprisals, meanwhile the reasons for the initial crisis remained.

All participant companies aimed to adapt the bottom-up cultural change, being successful to different degrees: where Company A still is struggling even until after this research was finalized, C and particularly E managed to adapt the cultural change successfully.

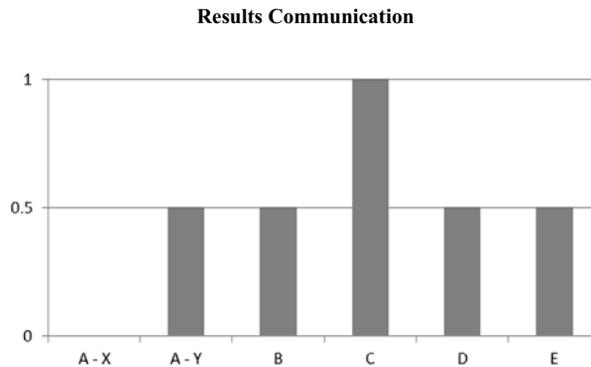
Make it fun. A particularly innovative aspect of successful leadership after crisis determined by this study was the importance attributed to the concept of “fun”. An increasing body of research demonstrates that when leaders support a friendly environment and create a fun workplace, there is a significant increase in the level of employee trust, creativity and communication. Gostick and Christopher [15] summarized this with the levity effect: “Having fun at work boosts the morale, reduces stress, improves staff retention, productivity and revenue, means less sick days and increases team building and spirit. If people are having fun, they’re going to work harder, stay longer, maintain their composure in a crisis and take better care of the organization.” Similarly, data from the Great Place to Work Institutes 1 million-person research database reveals that “Great” companies consistently earn significantly higher marks for “fun” where great companies are seen by 81% of their employees as a great place to work, good companies finish at 62%.

Company A experienced extensive challenges after increasing business pressure resulted in a surge of accidents, dropping morale and general frustration. After the company went on its journey of change, they first addressed basic issues such as physical safety and even friendliness. A number of communication activities have been issued in order to break the cycle. Re-establishing trust as a common ground presented the first priority for the management team. One corollary to developing strong bonds of trust is that people are also able to have a great deal of fun at work.

Though a clear understanding of the importance of having a great place to work after a crisis as a prerequisite for successful change implementation clearly exists

with the practitioners, there is currently no guidance as to how this is to be best implemented. The efficacy of the single initiatives to boost the “fun” is a subject for future research.

Figure 4



Although all but one of the reviewed organizations had post-crisis communication in place only Company C provided adequate internal and external stakeholder communication, see Figure 4.

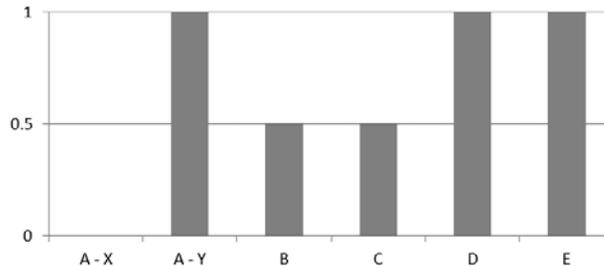
4.4 Strategic integration of change management into the crisis response planning

This study examined five large multi-national corporations facing critical incidents threatening organizational performance or even their existence in some extent. The review has presented a range of cases where organizations found themselves responding on a rather tactical level while strategic thinking and strategic planning were often replaced with fire-fighting and the reliance on emergent solutions [33].

The overwhelming majority of those managers involved in this research, to have change management incorporated into the overall post crisis corporate strategy, retook a strategic approach to preparing the organization to avoid impending crisis, but instead found themselves fire-fighting to avoid its impact. This study has examined organizations that made major strategic changes to respond to the full effect of a crisis which would be realized over two- to three-year period (Figure 5), reviewing the impact this strategy had on preparing for the crisis and exploring what happened in the organization during and after the crisis.

Figure 5

Results Change Management integration into post-crisis strategy



A conspicuous illustration of the effects is best provided by the first crisis of Company A. After a failed market entry the organization embarked on a long journey continuously struggling with the ever changing circumstances. As stated by one of the major stakeholders of the organization “no clear vision or strategic outline was provided, beside the generic corporate communication” over the course of the crisis X, including the post-crisis period. This statement poignantly summarizes the overall attitude and execution and reflects the strategic and tactical crisis approach. This perception was verified through discussions with the division leader at the time as well as key personnel.

For further understanding of the employed strategy during and after the crisis occurred extensive reviews with the management, leaving and staying employees and major industry stakeholders were conducted. The leaving employees stated unstructured and often conflicting demands and unstable working conditions and lack of communication on the situation and the resulting organizational response as major reasons for the decision. Response from the industry stakeholders, from suppliers as well as from customers indicated major trust issues resulting not so much from the actual crisis, i.e. failed market entry, but from the handling of the post crisis fallout. The management confirmed that the corporate strategy in place did not include any change management measures, and this management aspect was handed purely on a tactical level. Although this approach mitigated the pressing symptoms no systematic and profound change could be established.

Contrary to the handling of crisis X, the leadership team employed a different approach towards the management of crisis Y based on previous experience. The newly hired manager included change management as integral part of the division strategy from the start enabling the management to make necessary decisions swiftly, while enabling the organization for the change and allowing for the solutions to become persistent.

Company B as a large, industry leading organization was always proud of the agile organization, living the change as part of the corporate DNA. Though the issue had affected the confronted division heavily leading to many quick tactical and

operational actions it soon led to a major review synchronizing the division with the overall corporate strategy intensifying and accelerating the change efforts.

Although Company C was founded in 1846, neither security nor change management played a significant role in the management of the corporation prior to the issue investigated in this study, focusing first and foremost on technical leadership. During the crisis the organization operated mostly in fire-fighting mode with little time and concern for the sustainability of the solution. This attitude dramatically changed with the organization taking first tactical action for immediate mediation and gradually developed a more strategic approach for dealing with both change and security.

Both Company D and E had not included strategic change management into their crisis response prior to this study. Both organizations responded to their challenges on the tactical and operational levels which were widely perceived by major internal and external stakeholders as unsystematic stumbling and loss of control. Unmanaged reactionary changes in both organizations did not produce viable and sustainable solutions. Result summary is depicted in Fig. 6. For a clear visualization a simple weighing of the influencing factors was applied: 0 = not implementing, 0.5 = insufficiently applied (in extent or timing) and 1 = fully implemented.

Figure 6

Case Study Results summary

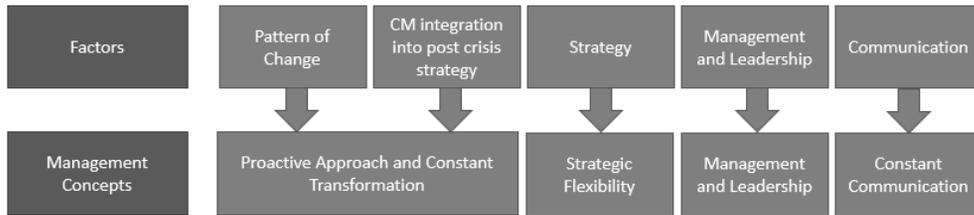
	Pattern of Change - Constant Transformation	Perceived Ambiguity - Strategic Flexibility	Management and Leadership	Communication	Change Management integration into post-crisis strategy	average score
A - X	0	0	0	0	0	0
A - Y	1	1	1	0.5	1	0.9
B	1	0	0	0.5	0.5	0.4
C	0	0	1	1	0.5	0.5
D	0.5	0	0.5	0.5	1	0.5
E	1	0.5	1	0.5	1	0.8

5 Discussion

The following section discusses the major factors affecting organizational change adaptation. Multiple influences have been noted in the previous section. The subsequent discussion will review major elements influencing the change model and propose key management concepts on that basis (Figure 7).

Figure 7

Key findings

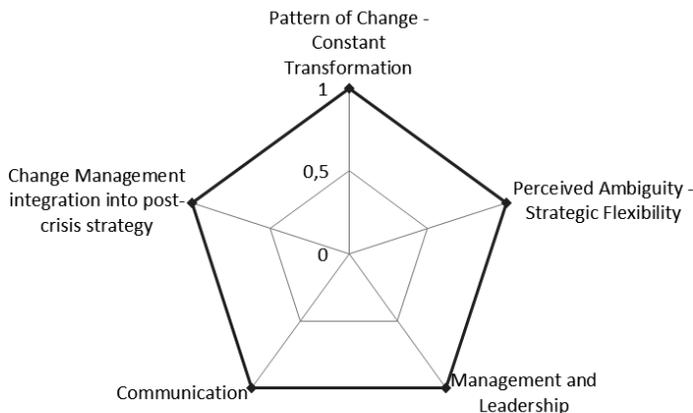


The research was carried out on basis of five factors influencing change management in a post-crisis setting: 1. the pattern of change determining the flow of the crisis induced change activities, 2. Strategy, 3. how Change Management is integrated into the overall post-crisis business strategy, 4. Management and Leadership, and 5. Communication. The results of this study suggest four major crisis concepts influencing change management in a post crisis setting: I. Proactive approach and constant transformation; II. Strategic flexibility; III. Strong leadership; and IV. Constant communication.

Anticipative post-crisis change management model. The new model has been developed extrapolating and generalizing from the living reality based on empirical evidence from five case studies. The proposed model (Figure 8) looks at a unique set of factors influencing implementation of change management after an incident. The anticipative model adapts a non-linear view by constant status quo re-evaluation with the review of the “pattern of change” as one of the five factors of the model.

Figure 8

Anticipative post-crisis change management model – optimum



Due to the strategic element, the model a) allows for advance planning; b) provides a valuable basis in developing a crisis response strategy and c) fosters strategic integration of change management into overall corporate strategy. The model further allows for calibration and coordination of change management activities in the post-crisis setting. The model further puts a focus on “Management and Leadership” and “Communication” as the last two factors. Both factors were identified under the premise of the working hypothesis and established on the basis of the field research.

The data suggests organizations reaching an average value of > 0.5 on the Anticipative Model are more likely to master the challenge of change management after a crisis, while companies reaching an average value that equals or is under 0.5 will more likely struggle in the process. The accurate weighing on importance and dependencies between the factors remains a topic for future research.

Management concepts

I. Proactive approach and constant transformation. Managing change can be a reactive or a proactive process. The proactive change involves active pursuit of alterations to the work place and its practices. Companies that take a proactive approach to change are often actively working to either avoid a potential future threat or to capitalize on a potential future opportunity. Reactive change on the other hand occurs when an organization makes changes in its practices after some threat or opportunity has already occurred. Though the reviewed crises were unique in their crisis induced origin and their life cycle, the common the set goal was an organizational transformation allowing the organization for two main advantages: deal with the crisis and its fall out and increased resilience towards future crisis instances.

II. Perceived ambiguity – Strategic flexibility. System dysfunction emerged as an issue during several interviews, narrating problems caused by a system in disorder at both intra- and inter-organizational levels. In the pursuit to accommodate the ever changing business reality a concept of constant transformation supported by strategic flexibility was introduced. Seeing how strategic planning for time periods longer than three years has proved difficult for many organizations, it has been recognized that the planning must become more agile and flexible in its readiness to change rapidly. The need for flexible strategy can be accommodated by the concurrent development of multiple strategic realities, differing between short term strategies with the runtime of less than 90 days versus long term strategic plans of three to five years. Both sets ideally built utilizing a nonlinear approach ensuring the necessary strategic flexibility. Contrary to the common notion it would restrict change efforts (e.g. [17]), though perceived ambiguity requires for more effort in strategic planning, it fosters a culture allowing for a well-prepared and agile organization.

III. Management and leadership. It has been observed that during the challenging times of crisis organizations aimed to adapt the bottom-up cultural change, while transactional leadership was in high demand with particularly authoritarian flavour.

After the crisis ebbs away the sense of urgency and rigor in the organization is getting replaced by the need of stability and involved communication. A particularly innovative aspect of successful after crisis leadership determined by this study was the importance attributed to the concept of “fun”. Though Gostick and Christopher introduced the “levity effect” as favourable for organizational health, its consequence to the organizational post crisis performance has not been investigated. The efficacy of the single initiatives to boost the “fun” remains a subject for future research.

IV. Communication. Several studies (BPR Online Learning Centre, 2003; Die Akademie, 1999; ILOI, 1996; [29] found that a lack of understanding and acceptance remains the main reason for the low success rates of organizational change efforts. This problem is especially present in the frail state after a crisis with the business vulnerable and resources strained. The results of this study conclusively show the importance of clear and concise communication, particularly in the post-crisis phase. Based on the results of this research the selection of adequate tools, adapted to the needs of post crisis communication, seem to present a challenge to the practitioners. The development of a post-crisis communication toolbox with clear guidelines should be considered for future research.

Conclusion

The purpose of this study was to explore the change management constructs that apply for technology driven businesses after crises events. A qualitative, grounded theory-influenced approach was used to discover insights in currently deployed strategy models for change management in post-crisis setting. This approach allowed the researcher to explore and gain theoretical knowledge of a phenomenon without biasing the data and results with preconceived ideas or hypotheses [13] and instead enabling the gathering of unique theoretical knowledge grounded in real events.

The results reveal four major crisis concepts influencing change management in a post-crisis setting. Those four change management concepts were Proactive approach and constant transformation, Perceived ambiguity – Strategic flexibility, Management and leadership, Communication. Integrated strategic change management clearly represents the frame for construction of a new business reality after a major crisis event embedded and aligned with the overall organization. While the change management efforts, specifically in the frail environment after a major critical event, need to be executed proactively and consistently, communication, of both internal and external nature, is the key for successful development and adaptation of the new concepts. Based on the research outcome, leadership is also one of the main ingredients for success and failure.

From the theoretical standpoint, the main contribution of this dissertation is that even though the resource-based view of the firm emerged as a vital model in the field of strategic management, considering that organizations are fundamentally heterogeneous regarding their resources and internal capabilities in the field and, hence, that their performance differs as a result of differences in efficiency, the

evolutionary and strategic theories of the firm see differences in terms of market power. This means that in order to bring theoretical support into this dissertation, the author believes it is crucial to construct an integrated model based on the theoretical principles of the resource-based view of the firm and integrating the evolutionary and strategic theories of the firm.

From the empirical standpoint, this dissertation has made an important contribution, similarly to the academic field and the practical business life, by providing the foundation for the development of an integrated proposal that takes into consideration the results of the research carried out on the case studies.

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