Change Management, Crisis Management, and Innovation Management
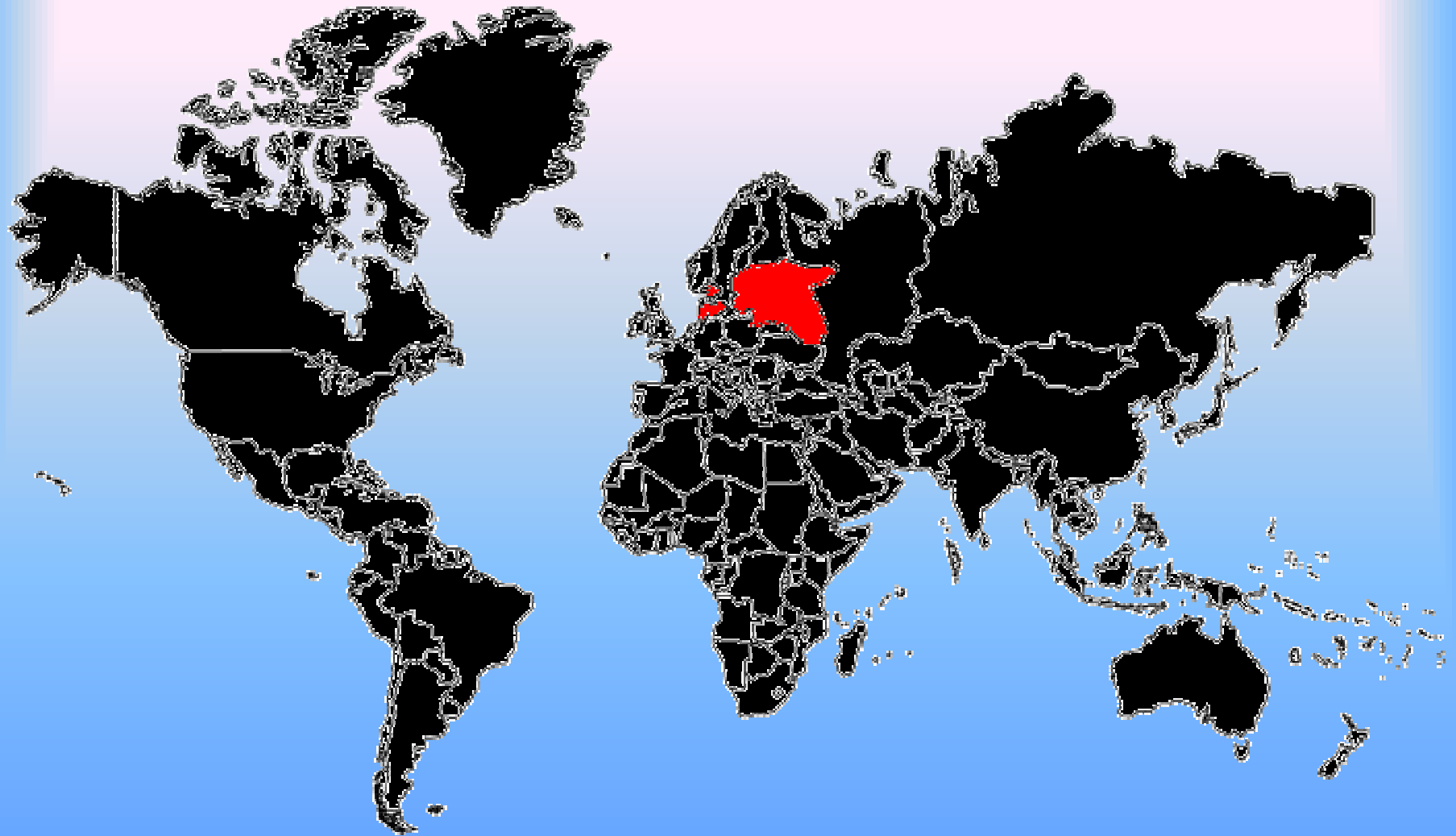
Ruth Alas

Estonian Business School

Estonia

Tallinn Medieval Old Town
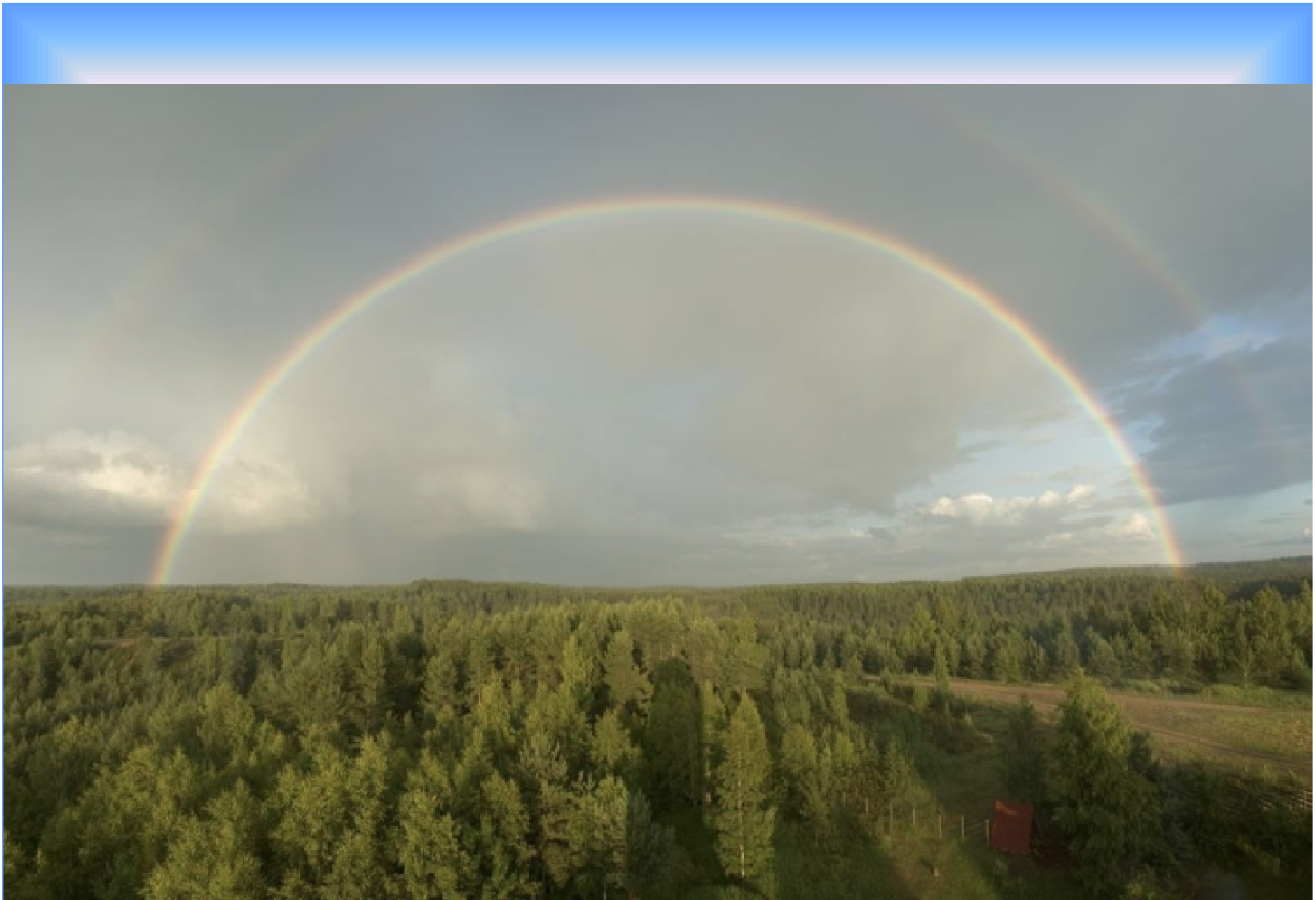
Estonian nature

Source: Visit Estonia
(http://www.visitestonia.com/en/holiday-
destinations/landscapes/forests)

Source: Estonian Convention Bureau
(http://www.ecb.ee/page/tallinn-2011/)

2011/01/20

2010/11/27

Estonian Song and Dance Festival

History of Estonia

Soviet Union Administrative Divisions, 1989

ДУХ ВЕЛИКОГО ЛЕНИНА И ЕГО ПОБЕДОНОСНОЕ ЗНАМЯ ВДОХНОВЛЯЮТ НАС ТЕПЕРЬ НА ОТЕЧЕСТВЕННУЮ ВОЙНУ... (И. Сталин)

"Spirit of the great Lenin and his victorios banner inspire us to fight Patriotic War." (Stalin)

Leonid Brezhnev meets Leader of the Social-ist People's Libyan Arab Jamahiriya Muammar al-Gaddafi

European Union

European Union

The Aim

The aim is to find out which are the common and different features of

- crisis management,

- change management, and

- innovation management

What is *organizational change*?

- Organization is a complex system that produces outputs in the context of an environment, an available set of resources and a history (Nadler, & Tushman, 1989)

- Dopson and Neumann (1998) have perceived change as a necessary evil for survival in the context of uncertainty

- Organizational change is a planned response to pressures from the environment and forces inside an organization (Jick, 1993)

- Organizational change is planned movement from stage A to stage B

What is a *crisis*?

- Unpredictable, major threat that can have a negative effect on the organization, industry, or stakeholders if handled improperly (Coombs 2006)

- Including surprise, threat and a short response time (Hermann 1963)

- Specific, unexpected and non-routine event or series of events that create high levels of uncertainty and threaten the organization's high-priority goals (Ulmer *et al.* 2007)

- Low probability event with serious consequences and a short response time (Alas et al 2010)
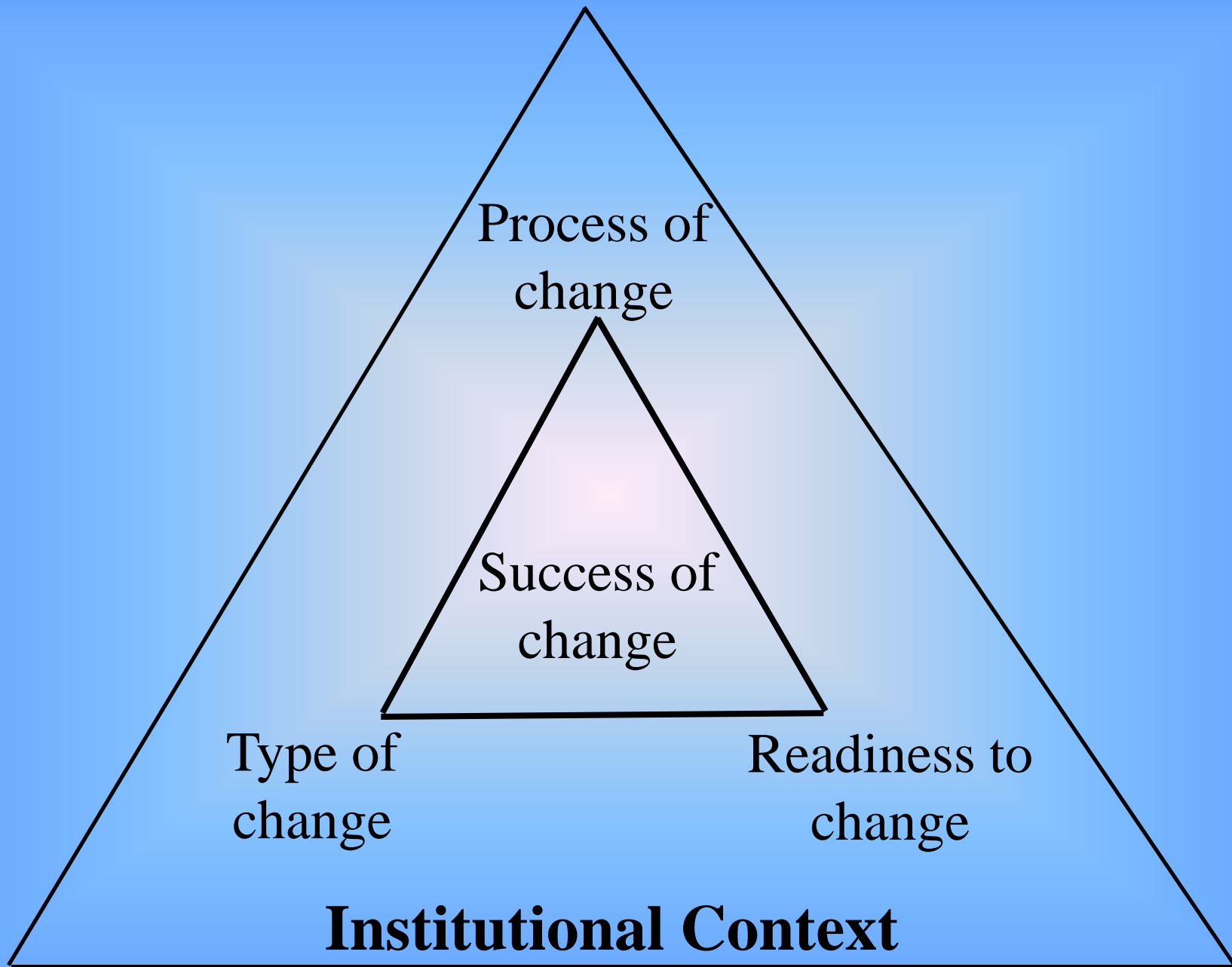
What is *innovation*?

- Creative destruction occurs when innovation makes old ideas and technologies obsolete, and therefore causes the creation of new economic structures (Schumpeter 1911)

- Rogers (1976) defines the innovation-decision process as the process through which an individual passes from first knowledge of an innovation to forming an attitude toward the innovation, to a decision to adopt or reject, to implementation and use of the new idea and to confirmation of this decision.

Research about Change Management

- Content research,

- Contextual research,

- Process research and

- Criterion research

       Armenakis and Bedeian (1999)

Process of
change

Success of
change

Type of
change

Readiness to
change

Institutional Context

Types of *change,* *crisis,* and *innovation*

Type of change

- **Scope of change**: first order change and second order change; developmental change, transitional change, and transformational change (Ackerman 1986)

- **Initiator of change**: planned and unplanned; self-initiated and imposed (Dirks et al 1996); management-driven and participatory changes (Bruce, & Wyman, 1998)

- **Duration of change**: short-term and long-term change (Struckman and Yammarino 2003)
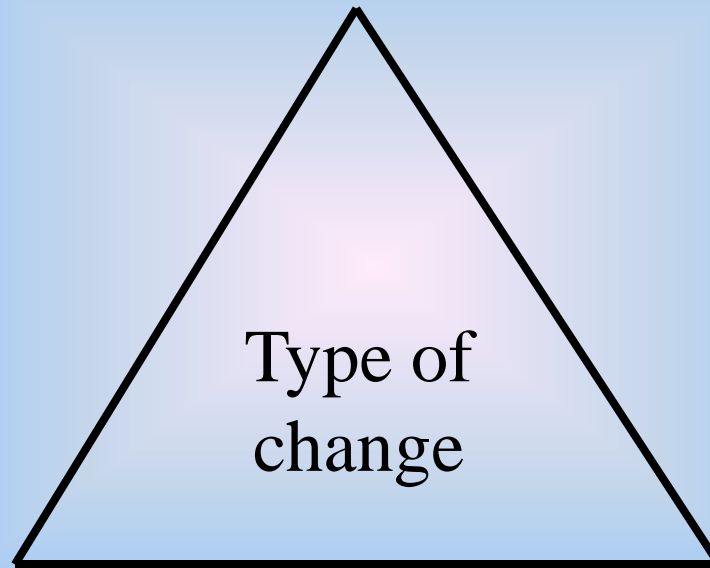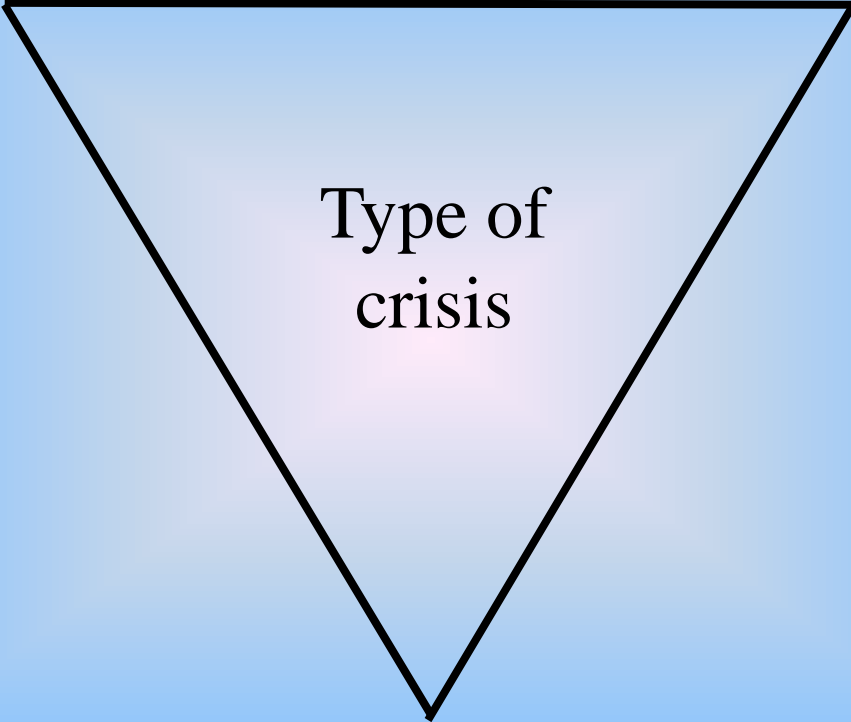
Types of Crisis

- **Scope of impact:** Affects community as a whole, others threaten only a few people (Boin et al 2008)
- **Character:** Hwang and Lichtenthal (2000) abrupt and cumulative crisis.
- **Source:** Crises are triggered in variety of ways: by natural forces and by the deliberate acts of 'others' inside or outside that society
- Lewis (2006) distinguishes between the crises made by single person or group of people
- Ulmer and colleagues (2007) differentiate between intentional and unintentional crisis.

Source of
crisis

Scope of
impact

Type of
crisis

Character of
crisis

Innovation Theories

- Innovation researchers in the 1950s and 1960s introduced the concepts of product innovations and process innovations.

- Innovation research in 1970s and 1980s concentrated on industrial innovations (Freeman and Clark, 1982).

- Innovation research in 1990s investigated mainly national innovation systems.

Innovation Theories

- In the 2000s, innovation research focuses on knowledge innovation - the creation, evolution, exchange and application of new ideas into marketable goods and services for the excellence of an enterprise, the vitality of a national economy and the advancement of society as a whole (Amidon 1993; He,1999, 2000).

Types of Innovation

An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations (OECD, 2006).

- Product innovation
- Process innovation
- Marketing innovation
- Organizational innovation

Process and
product innovation
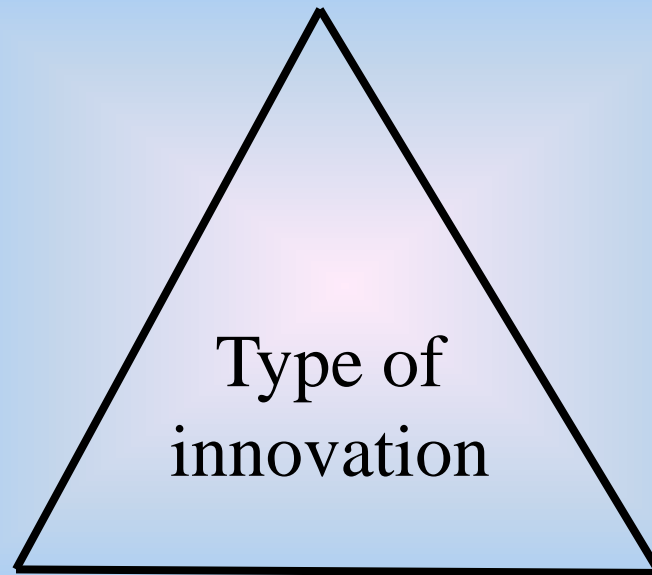
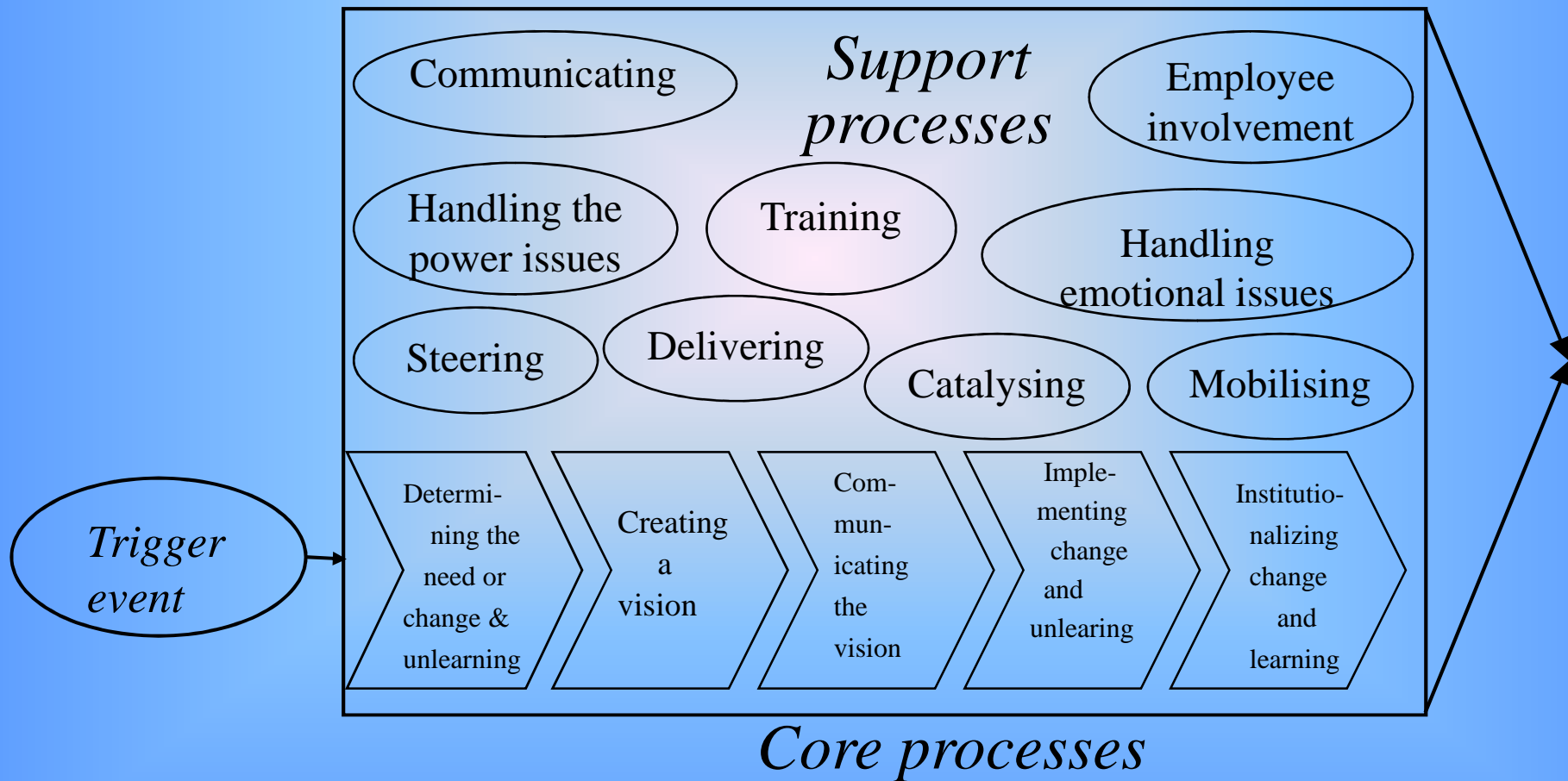Type of
innovation

Organisational
innovation

Marketing
innovation

Types of Change, Crisis and Innovation

Type of change	Type of crisis	Type of innovation
Initiator of change	Source of crisis	Product and Process innovation
Scope of change	Scope of impact	Marketing innovation
Duration of change	Character of crisis	Organisatinal innovation

Process of *Change, Crisis,* and *Innovation*

The process Model of Organisational Change (Alas, 2008)

Support processes

- Communicating
- Employee involvement
- Handling the power issues
- Training
- Handling emotional issues
- Steering
- Delivering
- Catalysing
- Mobilising

Trigger event →

Determining the need or change & unlearning → Creating a vision → Communicating the vision → Implementing change and unlearing → Institutionalizing change and learning

Core processes

The trigger event
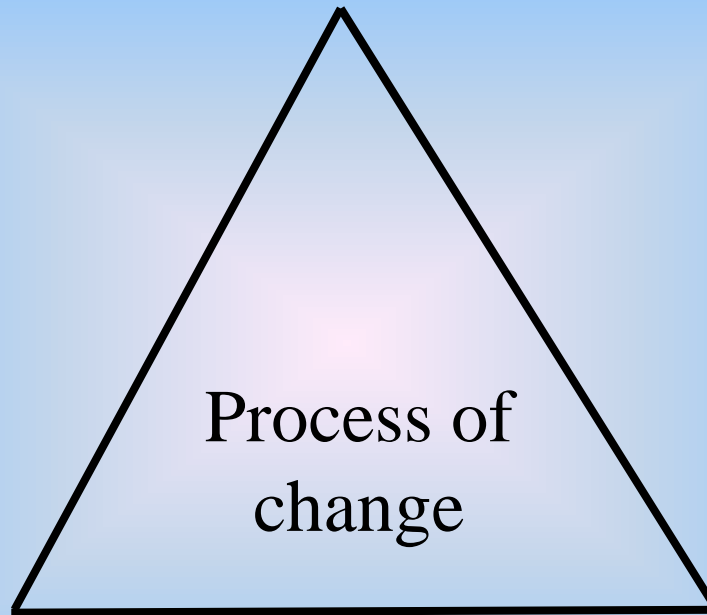
Process of
change

Core
process

Support
processes

The Process Model for Crisis Management (Alas *et al*, 2010)

Leadership

Communicating

Training

Handling the power issues

Handling emotional dimension

Mobilizing

Dealing with obstacles

Support processes

Core processes

Preparation and prevention

Pre-Crisis

Damage containment

Crisis

Assess the damage
Stabilize environment

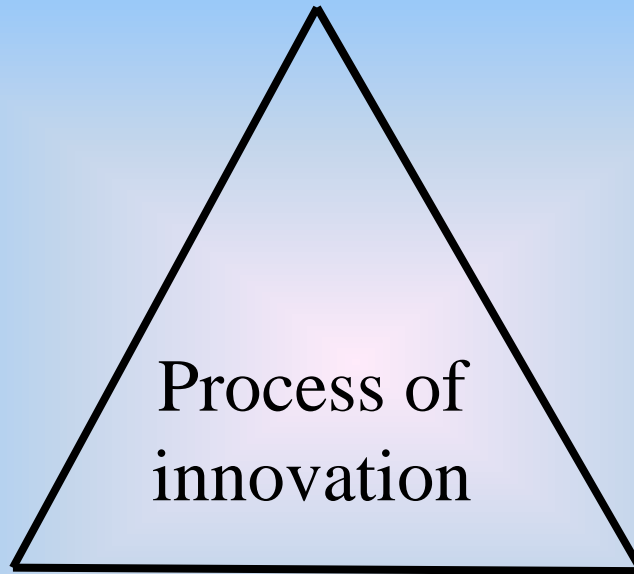*Post-Crisis*
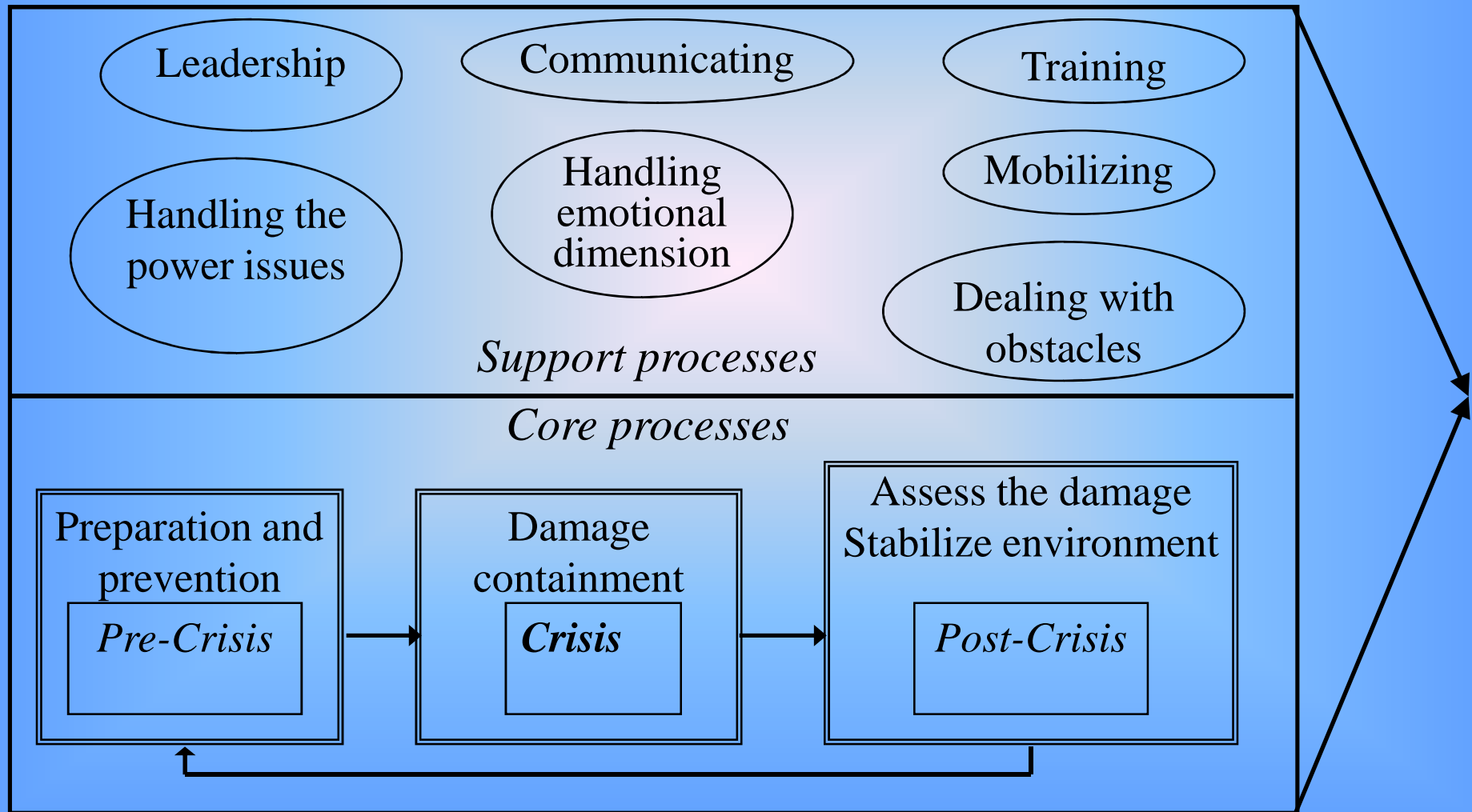
Communication

Leadership

Process

Strategy

Process of Innovation

- Initiation and implementation (Zaltman et al., 1973; Axtell et al., 2000).

- Conception, implementation and marketing (Tiwari and Buse, 2007).

- Problem identification, ideation, approach development, operationalisation, evaluation and exploitation (Perez-Bustamente 1999).

Conception

Process of
innovation

Implementation   Marketing

Processes of Change, Crisis, and Innovation Management

Process of change	Process of crisis	Process of innovation
The trigger event	Strategy	Conception
Core process	Leadership	Implementation
Support processes	Communication	Marketing

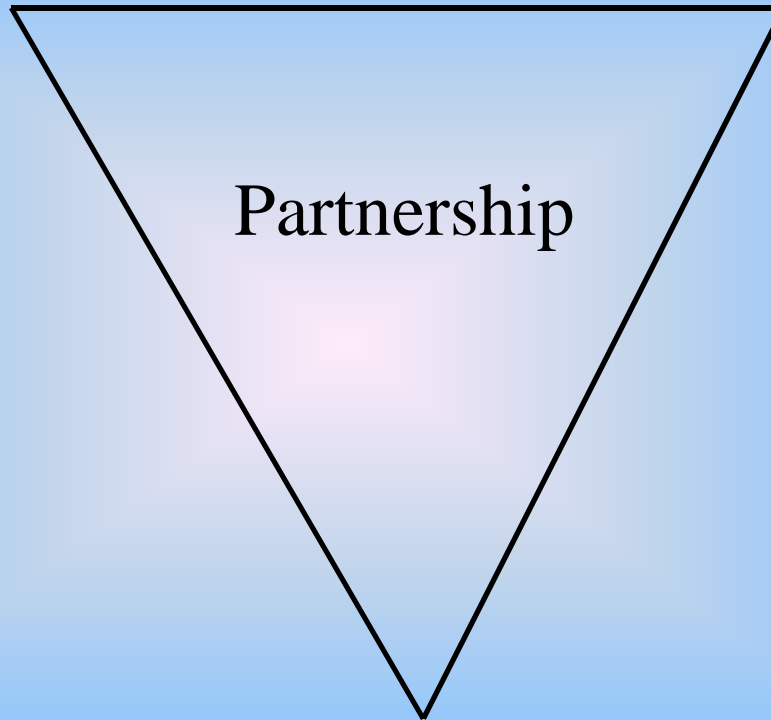# Readiness of *change, crisis, and innovation*

Innovation Climate

- the degree of support and encouragement an organization provides its employees to take initiative and explore innovative approaches

- individual innovation helps to attain organizational success (Van de Ven, 1986; Amabile, 1988; Smith, 2002; Unsworth and Parker, 2003).

- the climate for innovation is a direct result of the top managers' personal and positional characteristics (Damanpour and Schneider 2006).

- "Outside the box" thinking (Buckler & Zien, 1996)

Readiness to Change and Partnership during Crisis

Readiness to change	Partnership during crisis	Innovation climate
Employee attitudes	Key partners	Top managers' characteristics
Organizational culture	Shared values and ethics	"Outside the box" thinking
Organizational learning	Network	Individual innovation and interaction

Process of
change

Success of
change

Type of
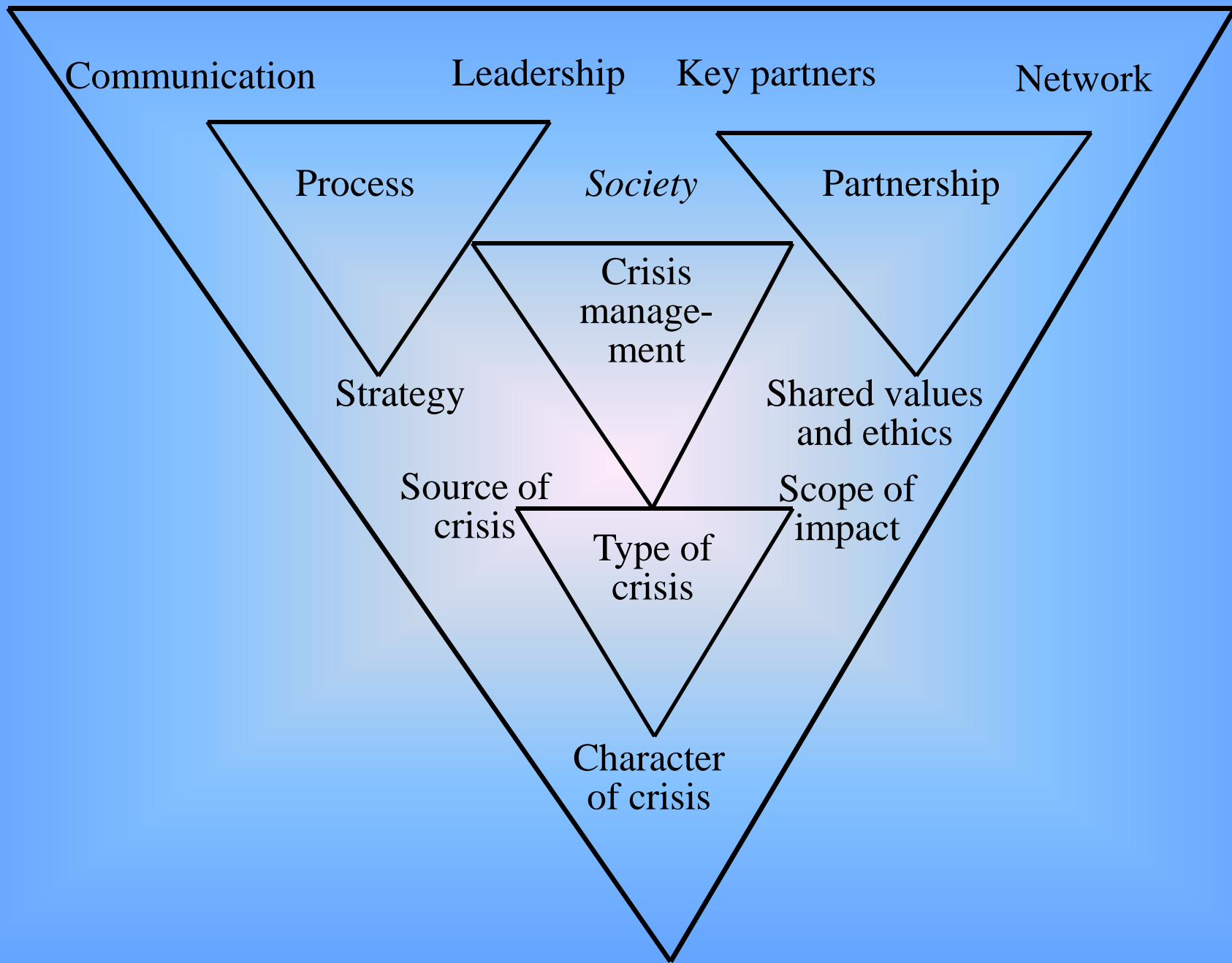change

Readiness to
change

Institutional Context
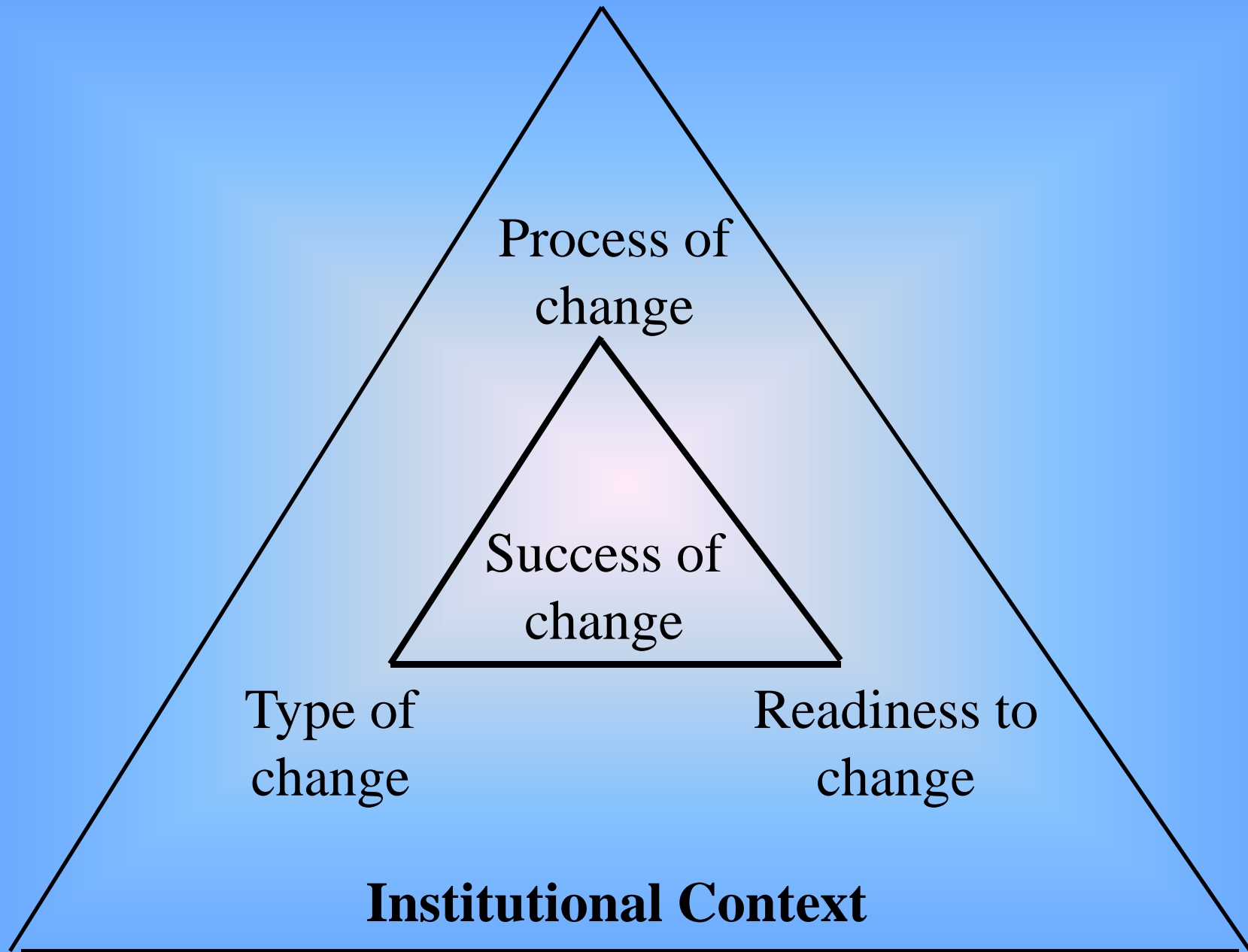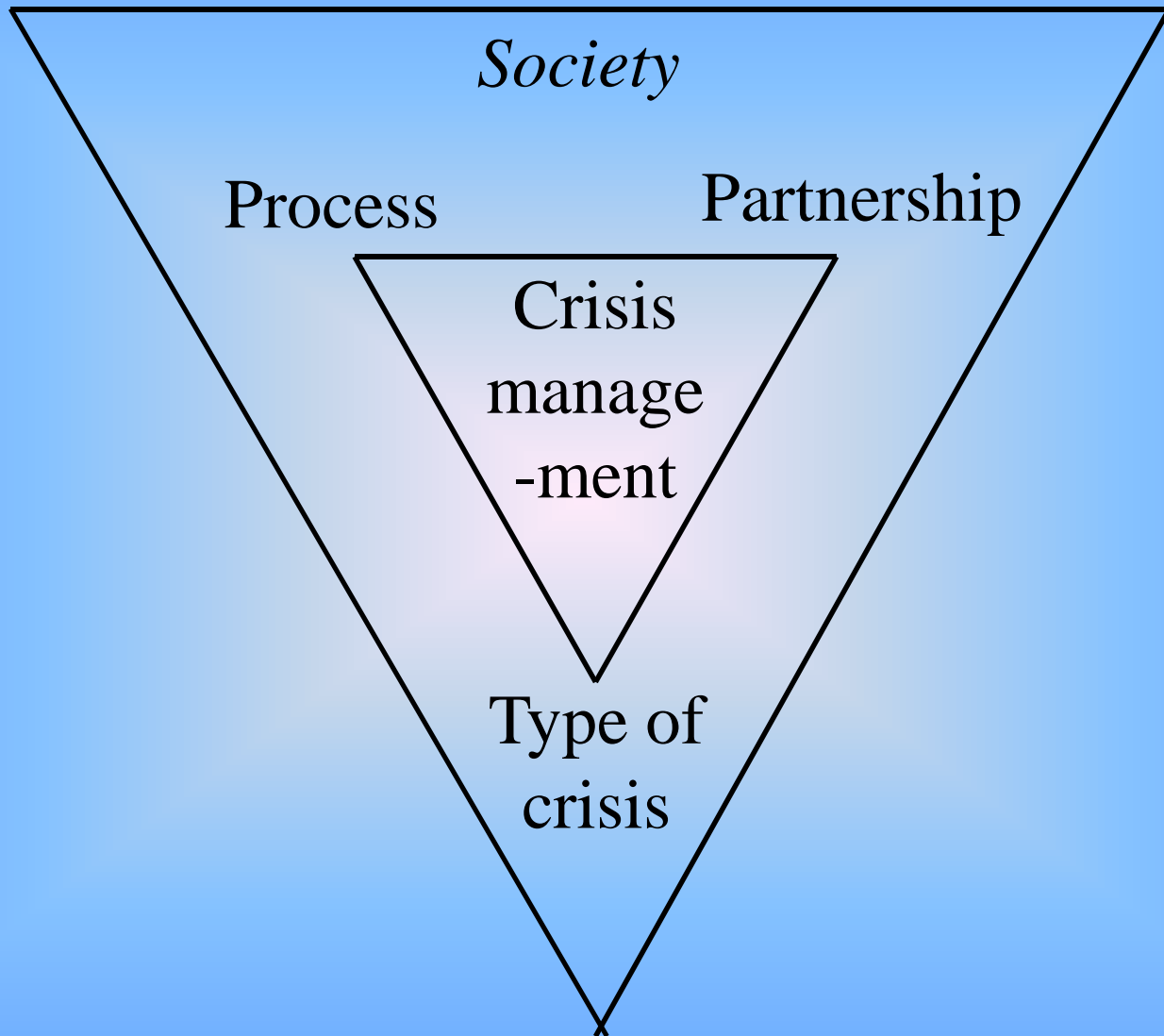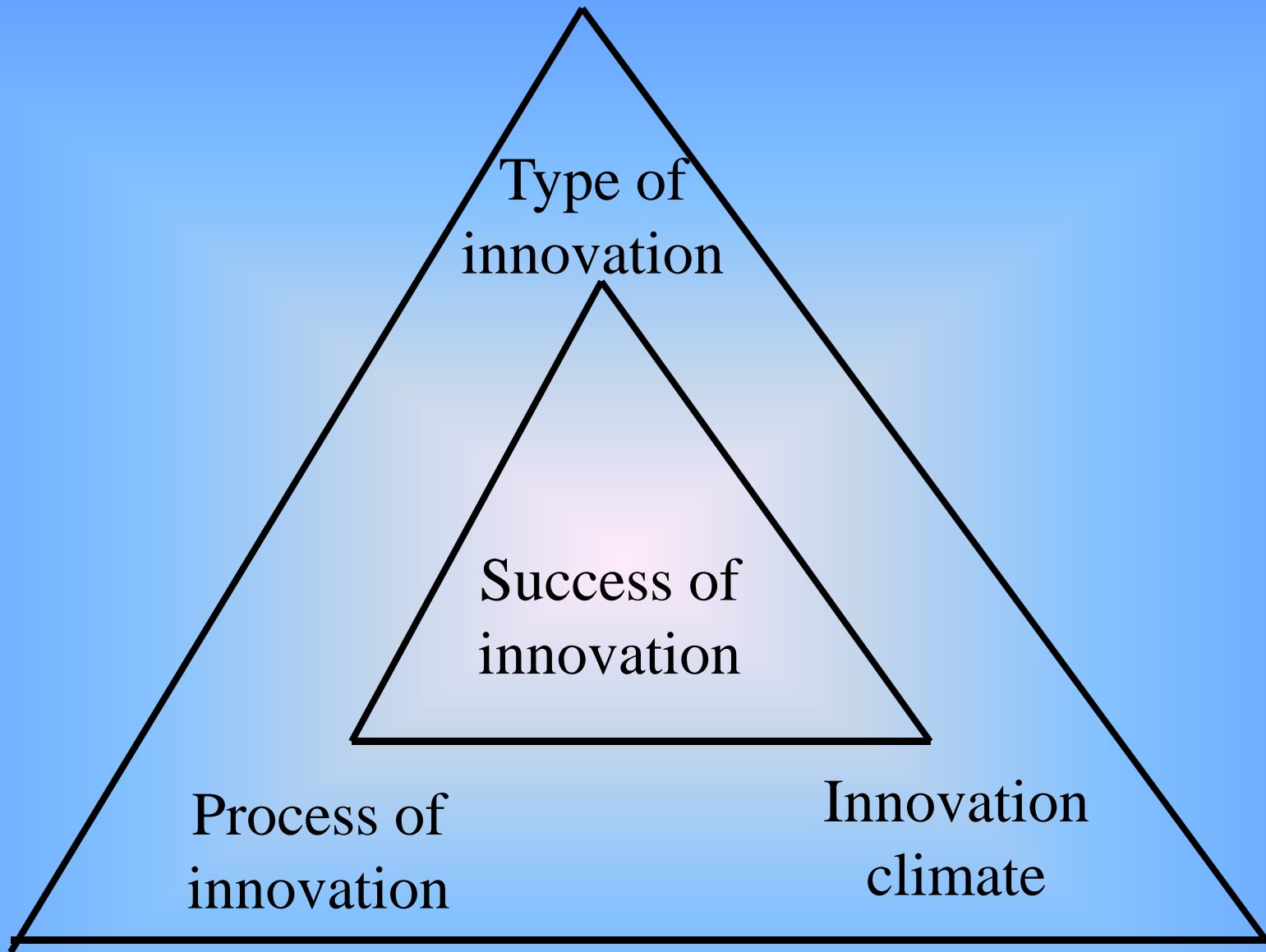
Triangles of *change, crisis, and innovation management*

Success of Change	Crisis Management	Innovation management
Type of change	Type of crisis	Type of innovation
Process of change	Process of crisis	Process of innovation
Readiness to change	Partnership	Innovation climate

Scope of change

Type of change

Duration of change

Initiator of change

The trigger event

Organizational learning

Success of change

Process of change

Readiness to change

Core process

Support processes

Employee attitudes

Organizational culture

Process and
product innovation

Type of
innovation

Marketing
innovation

Organisational
innovation

Conception

Top managers'
characteristics

Success
of
innovation

Process of
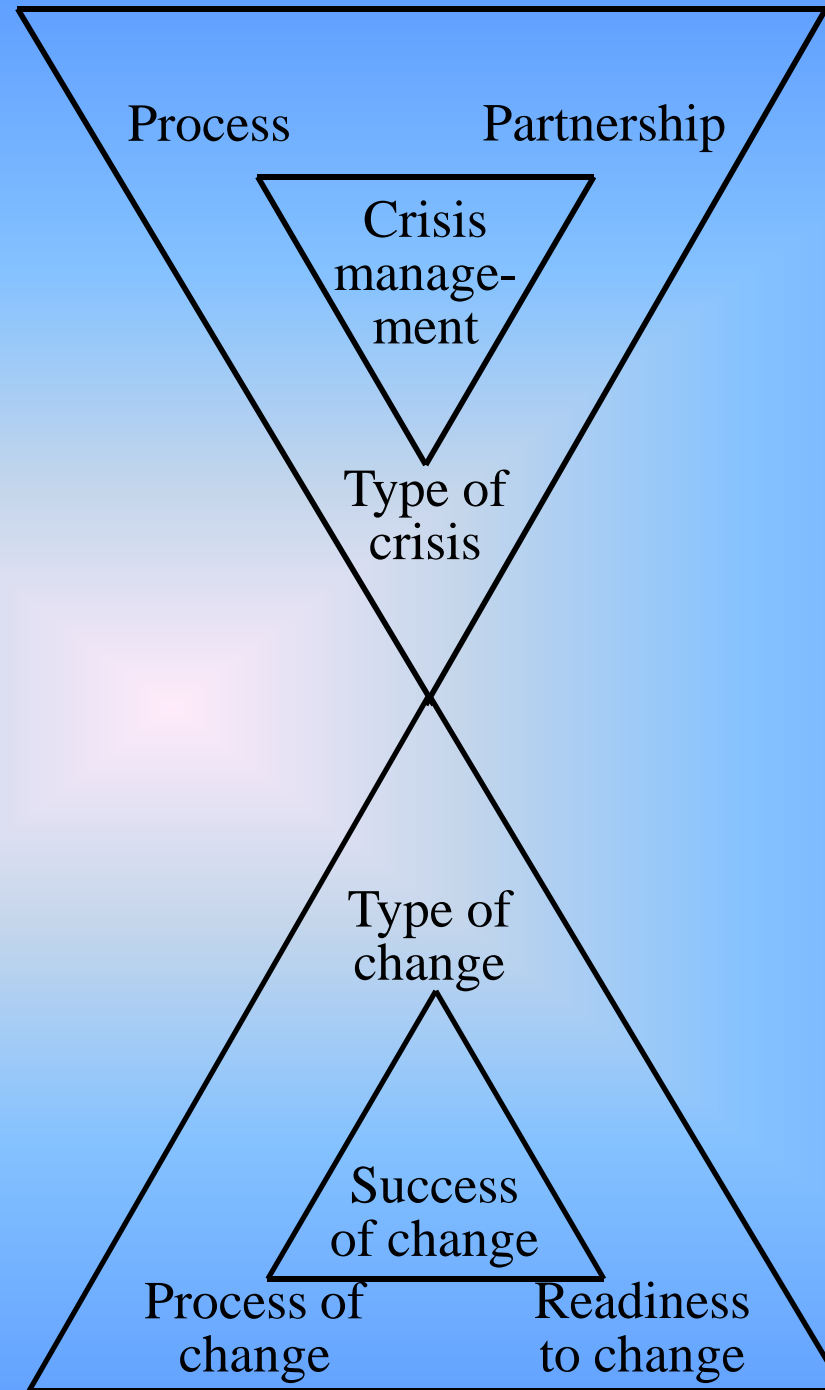innovation

Innovation
climate

Implementation   Individual innovation
and interaction

Marketing

"Outside the
box" thinking

Change management and crisis management Joint model

Process   Partnership

Crisis manage-ment

Type of crisis

Type of change

Success of change

Process of change   Readiness to change

**Joint model
of Change,
Crisis, and
Innovation
management**

Process   Partnership

Crisis
manage-
ment

Type of
crisis

Innovation   Innovation

Type of
change

Success
of change

Process of
change   Readiness
to change
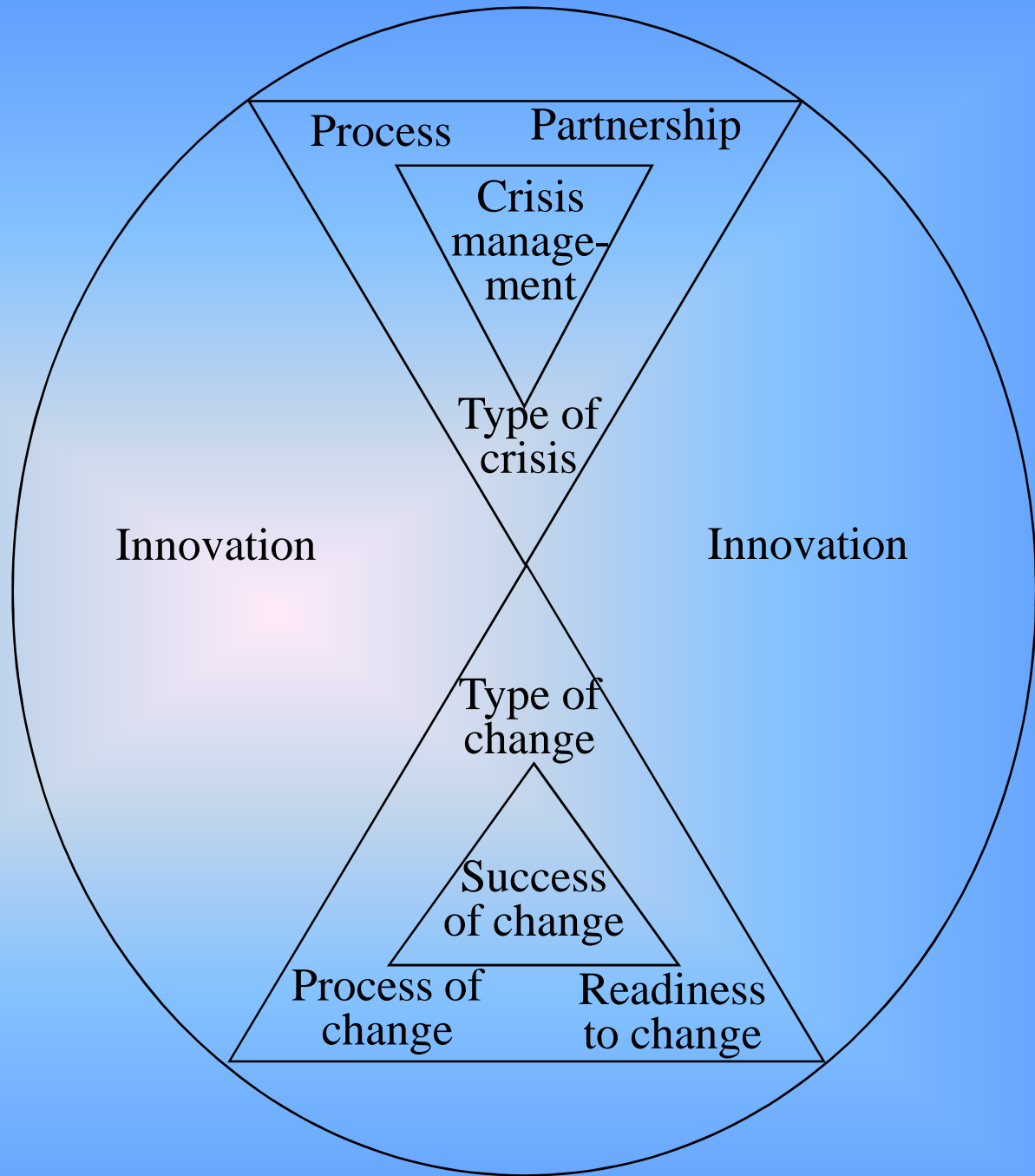
CONCLUSIONS

- There are common elements in change, crisis and innovation management.

- At the same time different elements should be emphasised during these processes.

- *Implication for managers:*

  Change management and innovation are the keys for success.