

## Transformational and transactional change

*“Organisational change is a kind of chaos.” Gleick, 1987*

*“Things need to change so substantially that a major change in our culture is required. People need to be weaned off thinking wealth means working 70 hours a week to buy a plasma screen and a weekend break to the US.” Creative & Cultural Skills, 2009, After the Crunch: 44*

### The big idea

This tool provides a model of organisational performance and change that looks at how businesses are influenced by and respond to changes in their external environments. External changes impact on what Burke and Litwin (1992) have referred to as the transformational organisational factors: mission, strategy, leadership and culture. In turn this influences the transactional factors: structure, systems, management and climate. The combination of these factors then influences motivation and ultimately performance. It’s an approach to looking at both the ‘what’ and the ‘how’ of organisational change.

### Purpose

This tool helps to identify interdependencies between aspects of your business and how changes in one area are likely to impact on another. The model should allow you to identify the level of change you are considering and the core elements involved. For example, if you are doing an internal process review, say implementing a new IT system, you will need to take account of your management practices and work climate and be aware of the impact it will have on individual needs and values (Figure 1).

## The tool

The tool can be used in a number of ways either as a diagnostic or to help develop an implementation strategy. To use it as an implementation tool, take the following steps:

1. Identify the nature of change you are dealing with:
  - a. Are you responding to the impact of an external event such as a cut in funding, loss of a major commission or change in a major contract?
  - b. Are you addressing an internal fine-tuning issue such as a new performance review system or a box office system
2. If you are addressing external factors, use the top four elements (the transformational elements) to determine the strategy that is needed:
  - a. Do you need to revisit or change your mission?
  - b. Does that imply a new business strategy?
  - c. What style of leadership do you need to adopt?
  - d. Are the overt and covert organisational rules, beliefs, values and behaviours likely to support the change? If not, how will this be addressed?
3. If you are addressing an internally driven change, work with the next four elements (the transactional elements):
  - a. How is the business structured? What are the key decision-making, communication and control relationships? How will they impact on/support the change?
  - b. Will your current management style support the change? How will managers use your resources to implement the change?
  - c. What systems, policies or procedures need to change? What new systems, policies or procedures need to be introduced?
  - d. How will changes in any of the above impact on the climate within your business? How will they affect people's expectations, impressions or feelings? What are relationships like between teams or departments?
4. Now consider the impacts that your change project will then have on the remaining elements:
  - a. Does your business have the right range of skills?

- b. Will the change impact on individual action plans and objectives?
  - c. How will the change impact on the motivation of the staff?
  - d. Does it impact on the things that your staff value in their work?
  - e. Are there any factors in the change that might enrich their jobs or job satisfaction?
5. Now look at the final elements:
- a. Have you identified the performance improvements at organisational and/or team and/or individual level that you intend to achieve as a result of the change?
  - b. Have these been clearly communicated?
  - c. Have you identified any potential unintended outcomes of the change as a result of analysing the other elements?
  - d. How will you manage these?
6. Prepare your change management project plan

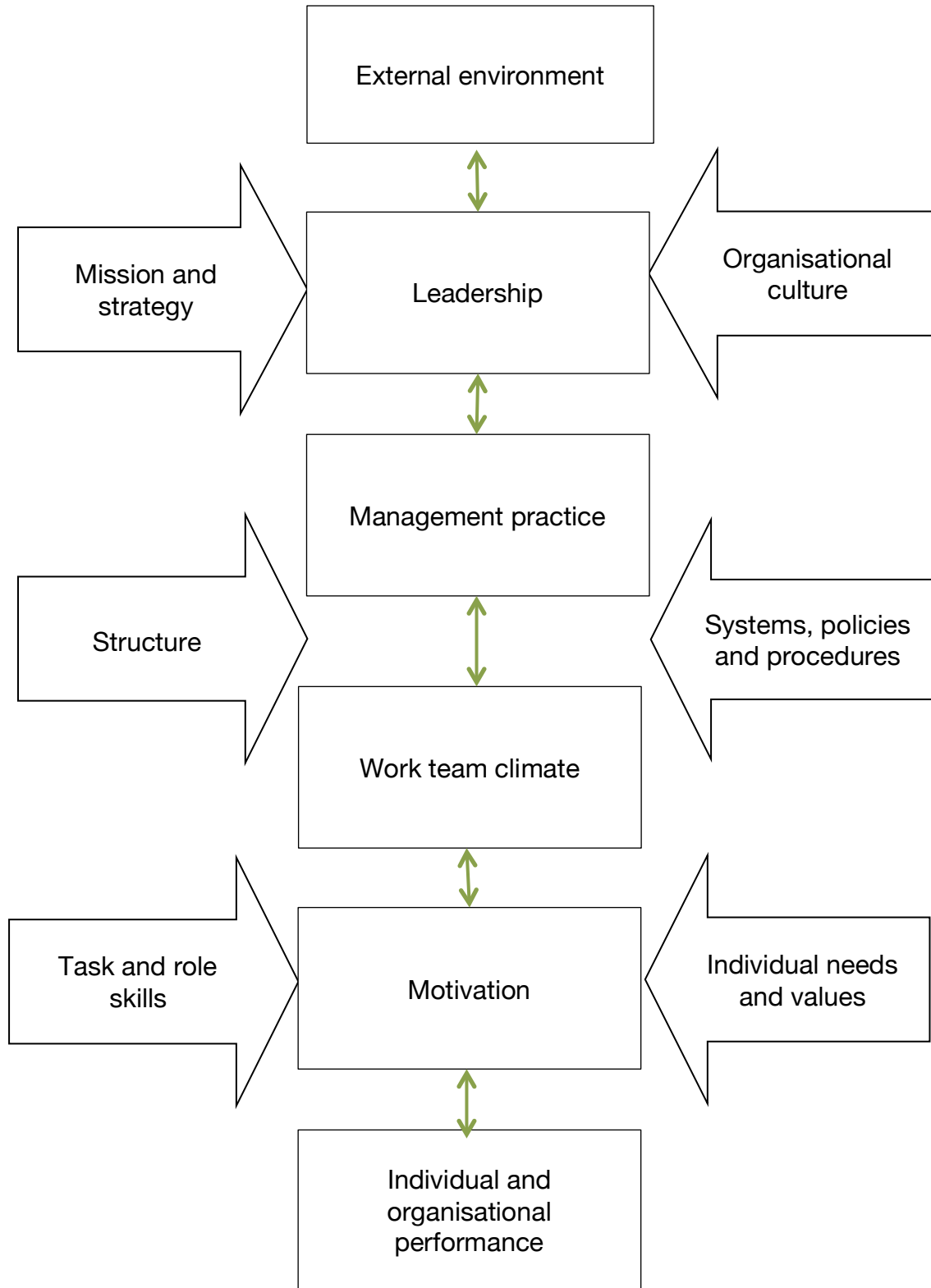
## Take the next step

Remember a time when you experienced a major change at work. What created the change? Was the need for change clear to you at the time? Which of the 12 elements were used to respond to the change? Can you identify any gaps in the change strategy by using the Burke–Litwin model?

## Top tips

- Be aware of the areas you are most drawn to and ensure they are relevant to the type of change you are addressing. Some people have a preference for the left-hand column, some for the middle and some for the right.
- Remember to work from the top to the bottom: the elements above exert a stronger influence on the elements below
- Try and identify the key questions you need to answer for each element at the beginning of the change process

Figure 1 Model of organisational performance and change (Burke & Litwin, 1992)



## References

Burke, W., W., & Litwin, G., H. (1992). A Causal Model of Organizational Performance and Change. *Journal of Management*, 18(3), 523-545.