Change Management, Crisis Management, and Innovation Management

Ruth Alas

Estonian Business School
Estonia

Tallinn Medieval Old Town

Source: Visit Estonia
Estonian nature

Source: Estonian Nature Tours
Source: Visit Estonia
Estonian Song and Dance Festival

Source: Estonian Embassy in Washington (http://www.estemb.org/estonia/estonian_song_and_dance_festival)
History of Estonia

Source: Real USSR
(http://www.realussr.com/ussr/soviet-union-administrative-division/)
"Spirit of the great Lenin and his victorious banner inspire us to fight Patriotic War." (Stalin)

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

Source: Real USSR (http://www.realussr.com/)
European Union

Source: Europa: Gateway to the European Union
(http://europa.eu/about-eu/countries/index_en.htm)
European Union

Source: EuropeWord
(http://www.europeword.com/blog/europe/the-european-union-countries-at-the-helm-of-global-affairs/)
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)
Institutional Context

- Process of change
- Success of change
- Type of change
  - Readiness to change
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.
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

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<th>Type of change</th>
<th>Type of crisis</th>
<th>Type of innovation</th>
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<td>Initiator of change</td>
<td>Source of crisis</td>
<td>Product and Process innovation</td>
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<td>Scope of change</td>
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<td>Marketing innovation</td>
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<td>Duration of change</td>
<td>Character of crisis</td>
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Process of Change, Crisis, and Innovation
The process Model of Organisational Change (Alas, 2008)

Trigger event

Support processes
- Communicating
- Training
- Handling the power issues
- Handling emotional issues

Core processes
- Determining the need or change & unlearning
- Creating a vision
- Communicating the vision
- Implementing change and unlearning
- Mobilising
- Institutionalizing change and learning

Employee involvement
The trigger event

Process of change

Core process

Support processes
The Process Model for Crisis Management (Alas et al., 2010)

**Support processes**
- Leadership
- Communicating
- Handling emotional dimension
- Training
- Mobilizing
- Dealing with obstacles

**Core processes**
- Preparation and prevention
  - *Pre-Crisis*
- Damage containment
  - *Crisis*
- Assess the damage
  - Stabilize environment
  - *Post-Crisis*
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

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Readiness of change, crisis, and innovation
Organizational learning

Readiness to change

Employee attitudes

Organizational culture
Key partners

Partnership

Network

Shared values and ethics
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)
Top managers' characteristics

Innovation climate

Individual innovation and interaction

"Outside the box" thinking
## Readiness to Change and Partnership during Crisis

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<th>Partnership during crisis</th>
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<td>Network</td>
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Society

Process

Partnership

Crisis

manage

-ment

Type of

crisis
Type of innovation

Success of innovation

Process of innovation

Innovation climate
## Triangles of change, crisis, and innovation management

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<th>Success of Change</th>
<th>Crisis Management</th>
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Marketing innovation

Process and product innovation

Organisational innovation

Type of innovation

Conception

Success of innovation

Top managers' characteristics

Innovation climate

Marketing

"Outside the box" thinking

Process of innovation

Individual innovation and interaction

Implementation
Change management and crisis management

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